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OAKLAND

2015 APR 29 PM 12:53

# AGENDA REPORT

**TO:** John A. Flores  
INTERIM CITY ADMINISTRATOR

**FROM:** Anil Comelo

**SUBJECT:** Fiscal Year 2013-14 Workers'  
Compensation Annual Report

**DATE:** April 20, 2015

City Administrator  
Approval

Date

4/28/15

**COUNCIL DISTRICT:** City-Wide

## RECOMMENDATION

Staff recommends that the City Council accept the informational report on the Workers' Compensation Program for Fiscal Year 2013-14.

## OUTCOME

Acceptance of this report will result in transfer of information and statistics related to the City of Oakland Workers' Compensation Program specifically related to program activities and expenditures.

## EXECUTIVE SUMMARY

This informational report provides current expenditure and program data on the City of Oakland's Workers' Compensation Program for Fiscal Year (FY) 2013-14. Included in this report is information and statistics regarding management of employee disabilities through the Workers' Compensation Program, highlighting different program initiatives, and cost containment efforts.

## BACKGROUND/LEGISLATIVE HISTORY

Like most public entities, the City of Oakland is permissibly self-insured for workers' compensation. The Human Resources Management Department (HRM) works with a contracted third-party administrator (TPA), JT2 Integrated Resources, to provide services to injured workers and handle the technical aspects of each claim. Through HRM, the TPA provides services to all City's agencies and departments to ensure program compliance with mandated California Labor Code requirements.

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May 12, 2015

Each year, HRM provides statistical information regarding the administration of the Workers' Compensation Program. These statistics serve as benchmarks by which the City is able to measure its performance and the effectiveness of Workers' Compensation Program initiatives. HRM also develops and implements new program changes based on these statistics. Since last report, HRM has commissioned three audits/analyses to monitor and ensured continued effective administration of the program. These included an Actuarial Analysis, Claims Management Performance Audit, and a Fraud Audit. The results of these audits/analyses are attached for review at the end of this annual report (*Attachment A*).

## ANALYSIS

HRM administers the Workers' Compensation Program for the City of Oakland, providing program services and support to all City agencies and departments. The attached Workers' Compensation Report provides information on the current state of the program including review of several program elements and information on some upcoming program additions/changes. As described more fully in the attached report, the program statistics for FY 2013-14 include:

- The Total Program Expenditure for FY 2013-14 was **\$21,743,025**.
- The Fiscal Year 2013-14 Total Benefits Paid (Indemnity and Medical Expenses only), as reported on the State-mandated Public Self Insurer's Annual Report, was **reduced by \$549,469 (or by 3.5 percent)**.
- Total Workers' Compensation Expense for FY 2013-14 **decreased by \$1,489,665 (or 6.4 percent)**. The largest decline was in the Temporary Disability Benefits paid as compared to the prior fiscal year.
- Temporary Total Disability payments **have declined nearly \$3.0 million (or 34 percent)** over the prior year, and a **reduction of 25 percent over the past five years**. This is attributed to the more aggressive utilization of the transitional duty program and aggressive claims management.
- The number of new Temporary Disability Claims **declined by 22 percent** over the past four years. This can be attributed to the early claim intervention and reporting triage that directs employees into a more aggressive return to work claims management scenario. Claims where the employee does not miss time from work are ultimately not converted to a time loss claim that would result in Temporary Disability payments being disbursed.
- Transitional Duty Program participation resulted in **an indemnity avoidance of \$4.3 Million**. Providing transitional duty to injured employees is also considered part of the interactive process required under the Federal Employment and Housing Act (FEHA).

**Claims Management Performance Audit:**

The annual Workers' Compensation Claims Audit overall performance rating of the Third Party Administrator was 73 percent, a 20 percent decline in the rating from the prior year and 12 percent below the target performance rating of 85 percent. Staff is working with the TPA to address the areas of deficiency identified by the program auditor. While this reduction in performance has not had a negative impact on our employees' receipt of workers' compensation benefits, staff is closely monitoring the continued performance of the TPA to encourage improvement. Continued sub-par performance may ultimately have an impact not only on benefits delivery, but also on the City's ability to secure Excess Workers' Compensation Coverage at favorable rates.

**Loss Frequency:**

Over the past four years, the number of claims filed by City employees has remained somewhat constant as portrayed in table 1 below.

**Table 1: Number of New Workers' Compensation Claims by Department  
 Fiscal Years 2010/11 through 2013/14**

Fiscal Year	Police			Fire			Public Works			All Others		
	Total Number of Emp (Sworn)	Workers Comp. Cases	Percent	Total Number of Emp (Sworn)	Workers Comp. Cases	Percent	Total Number of Emp	Workers Comp. Cases	Percent	Total Number of Emp	Workers Comp. Cases	Percent
2010-11	658	214	32.52%	423	143	33.81%	683	115	16.84%	3,598	104	2.89%
2011-12	645	236	36.59%	411	115	27.98%	677	84	12.41%	3,629	85	2.34%
2012-13	643	180	27.99%	410	116	28.29%	703	84	11.95%	3,606	87	2.41%
2013-14	650	202	31.08%	392	139	35.46%	727	99	13.62%	3,593	73	2.03%
<b>Average</b>	<b>649</b>	<b>203</b>	<b>31.28%</b>	<b>409</b>	<b>129</b>	<b>31.54%</b>	<b>698</b>	<b>96</b>	<b>13.75%</b>	<b>3,607</b>	<b>87</b>	<b>2.41%</b>

HRM continues to support departments in injury reduction and accident prevention efforts by way of onsite audits/surveys, safety trainings, and program development. HRM undertook and/or enhanced several program initiatives during the past reporting year. A few of the more high-profile efforts included the following:

- Full Integration of the Disability Management Program.
- HRM increased its promotion of a City-wide Web-Based Training Program called **Target Solutions** that provides over 100 safety and wellness courses designed specifically to comply with State and Federal Occupational Safety and Health Administration requirements. This program supported the City-wide mandated training for prevention of sexual harassment and protected class discrimination. It has also been

widely used by the Oakland Fire Department and Public Works Agency to deliver mandated safety trainings and continuing education trainings. HRM will continue to enhance its use and tailor the topics offered to current City needs and mandated training requirements. It should be noted that the Target Solutions platform is made available to the City at no cost through our primary insurance pool – CSAC Excess Insurance Authority (CSAC-EIA).

HRM continues to enhance existing elements to strategically impact the overall program costs. HRM's current strategic efforts include the following:

- Placement of a designated Workers' Compensation Coordinator in high volume departments. The Workers' Compensation Program is currently funding a dedicated workers' compensation position in the Police, Fire, Public Works, City Attorney's, and Controller's departments. While HRM does not direct the work or function of these positions, it is intended that they devote 100 percent of their position to the development and administration of their department's internal workers' compensation program or support the City-wide workers' compensation administration efforts.
- Monthly disability review meetings with department representatives to discuss active claims and identify cases for investigation and/or transitional duty assignments.
- Regular Medical/Legal meetings with departments and legal counsel to review claims of significant size or duration, and develop strategies for moving the claims toward closure or settlement.
- Regular Financial Review meetings with TPA representatives to examine expenditure rates and trends on a more global scale to assist in early detection of negative program changes.
- Telephonic injury reporting to triage Workers' Compensation claims reporting, and possible expansion of the methodology for certifying medical conditions under the FMLA program.

Future innovations that are under development include the following:

- Implementation of RiskMaster, an Integrated Disability Management Information System, designed to aid in the tracking and documenting disability leaves, disability management issues, and other Risk-related loss prevention programs.
- Participate in Medical Provider Network (MPN) through WellComp, a MPN sponsored by CSAC-EIA, our Excess Workers' Compensation insurance carrier.

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- Ongoing examination of the City's disability programs to align them with industry innovations and best practices.
- Continuing education for staff responsible for administering the City's inter-disciplinary disability programs.

### **PUBLIC OUTREACH/INTEREST**

There are no public outreach opportunities associated with this report further than the required publication on the City's website.

### **COORDINATION**

Development of this report was coordinated with internal staff in HRM, Controller's Bureau, City Attorney's Office, and City Administrator's Office.

### **COST SUMMARY/IMPLICATIONS**

1. FISCAL IMPACT:

This is an informational report. It provides information and data regarding the existing program as compared to previous years. No new costs are introduced within this report.

- A. Table 2 on the following page summarizes the key categories of Workers' Compensation expenditures incurred by the City of Oakland:

**Table 2: Future Liability Incurred by Department**

<b>Fiscal Year</b>	<b>2012-13</b>	<b>2013-14</b>	<b>% Change</b>
<b>Number of Claims Received</b>	567	642	13%
<b>Total Expenditures</b>	\$23,232,690	\$21,743,025	-6%
<b>Total Future Liability</b>	\$34,164,988	\$40,264,806	17%
<b>Costs Avoided via Transitional Work</b>	\$3,442,640	\$4,264,320	23%
<b>Settlements (Permanent Disability)</b>	\$4,357,102	\$4,838,242	11%
<b>Temporary Disability</b>	\$8,709,303	\$5,714,805	-34%
<b>Allocated (Other Claim Costs)</b>	\$1,779,529	\$1,982,082	11%
<b>Medical</b>	\$6,287,395	\$6,571,597	5%
<b>Operational Expenses</b>	\$20,487,657	\$19,004,868	-7%
<b>Admin. Expenses</b>	\$2,745,036	\$2,738,157	0%

The primary types of expenditures incurred in Workers' Compensation are medical, permanent and temporary disability, and allocated (other claim costs) payments. FY 2013-14 permanent and temporary disability payments, despite a decline over the previous year, remain the City's single largest workers' compensation expense. The decrease is attributable in part to the continued emphasis on early return to work following a disability injury and more aggressive medical management and monitoring by the City's TPA. Temporary disability payments are impacted by Labor Code 4850 payments (which allow sworn employees to receive up to a full year of salary, tax-free, upon a doctor's order to stay off work), State-mandated disability rates, and negotiated increases in civilian salary.

Additional discussion regarding the expenditures listed above and control factors are included in the attached report.

A. Estimated Future Liability/First Year Total Incurred by Department:

Table 3 on the following page shows the estimated future liability incurred by each department for claims filed in the fiscal year referenced. This allows the City to review for fiscal trends by department and assists in planning loss prevention, cost-containment

strategies for the future. Although not reported in this format, *Appendix E* of the attached report (*Attachment A*) provides more actuarial analysis for the purpose of future fiscal planning for this program.

**Table 3: First Year Loss Data – Total Incurred**

Department	2011-12	2012-13	2013-14
City Administrator's Office	\$48,344	\$52,204	\$6,842
City Attorney	\$1,988	\$5,771	\$3,777
City Auditor	\$0	\$0	\$0
Clerk's Office	\$1,648	\$0	\$0
Controller's Office	\$11,916	\$11,867	\$4,225
Department of Health and Human Services	\$85,148	\$113,552	\$110,754
Department of Information Technology	\$1,934	\$3,905	\$6,527
Housing and Community Development	\$45,184	\$1,800	\$187
Human Resources Management	\$140	\$333	\$7,250
Library	\$10,745	\$22,738	\$86,437
Mayor	\$0	\$0	\$10,500
Neighborhood Investment	\$0	\$0	\$325
Oakland Fire Department	\$3,331,493	\$2,353,015	\$2,090,567
Oakland Parks and Recreation	\$44,172	\$27,918	\$60,363
Oakland Police Department	\$4,989,104	\$2,403,351	\$2,191,952
Oakland Public Works	\$562,101	\$434,666	\$805,770
Planning and Building	\$0	\$6,028	\$503
Revenue	\$104,469	\$28,180	\$20,950
Treasury	\$0	\$0	\$0
<b>First Year Loss Data -- Total Incurred</b>	<b>\$9,238,386</b>	<b>\$5,465,328</b>	<b>\$5,406,929</b>

The estimated future liabilities of claims are measured for the life of the claim which may last many years. Workers' Compensation regulations require the employer be held responsible for all medical expenditures related to a work-related injury or illness. Employers are also responsible for a period of lost wages (indemnity) and for compensating the injured employee should their injury have a permanent impact on their ability to work (indemnity/permanent disability). Actuarially we estimate the future

liabilities for each claim in order to anticipate the financial burden placed on the City in the years to come.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** There are no economic, environmental, or social equity opportunities associated with this report.

***Environmental:*** There are no economic, environmental, or social equity opportunities associated with this report.

***Social Equity:*** There are no economic, environmental, or social equity opportunities associated with this report.

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

Respectfully submitted,



ANIL COMELO  
Director/Human Resources Management  
Department

Reviewed by:  
Deborah Grant, Risk Manager

Prepared by:  
Annie Chin, Disability Benefits Coordinator, and  
Mary Baptiste, Disability Benefits Coordinator  
HRM/Risk & Benefits Division

***Attachment: A –FY 2013-14 Workers' Compensation Annual Report***

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Finance & Management Committee  
May 12, 2015



# **WORKERS' COMPENSATION ANNUAL REPORT FY 2013-14**

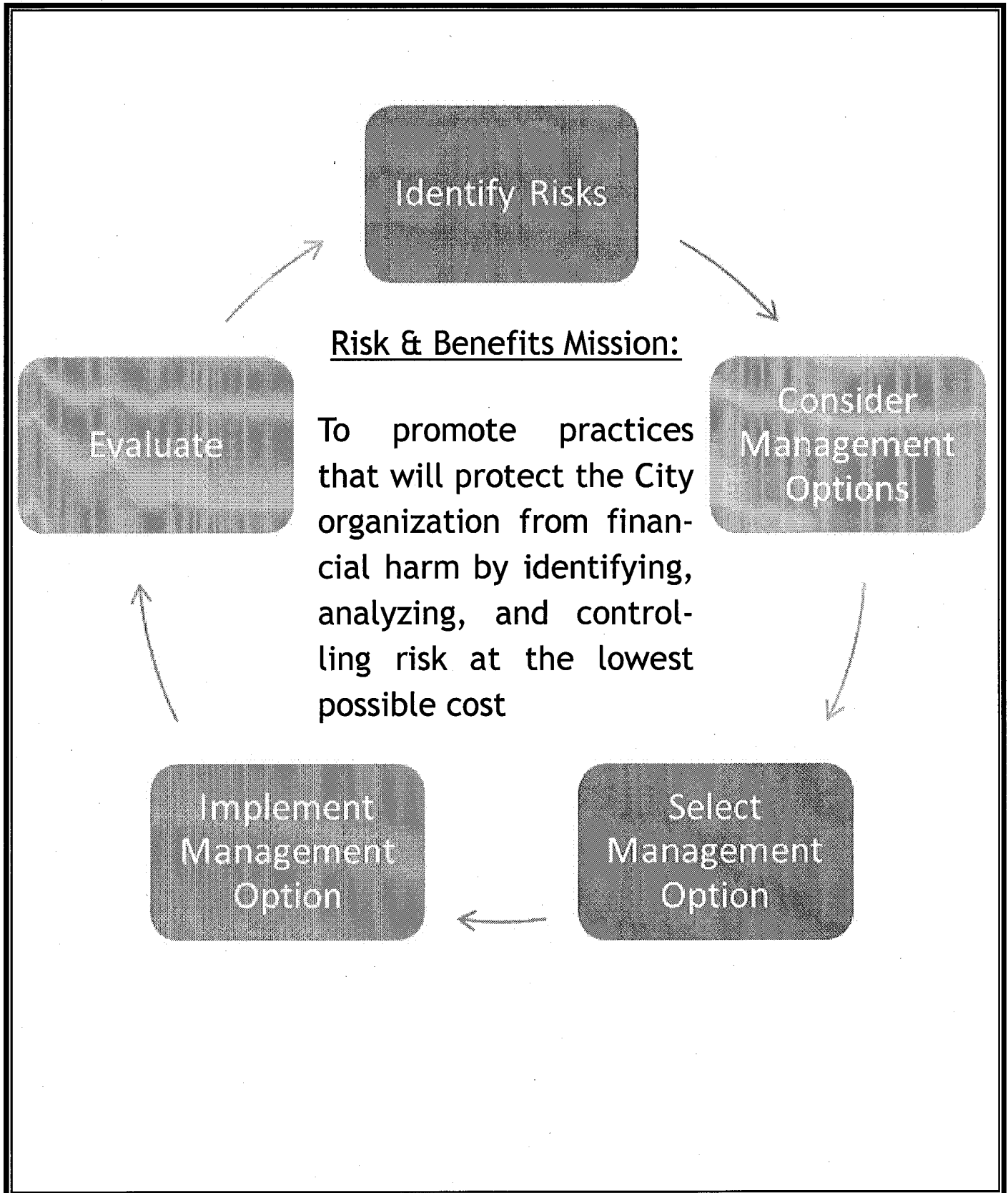
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**FINANCE & MANAGEMENT CMTE.**

**MAY 12 2015**

**Human Resources Management, Risk & Benefits Division**

**150 Frank H. Ogawa Plaza, Suite 3332, Oakland, CA 94612, Phone: 510-238-7660, Fax: 510-238-4749**

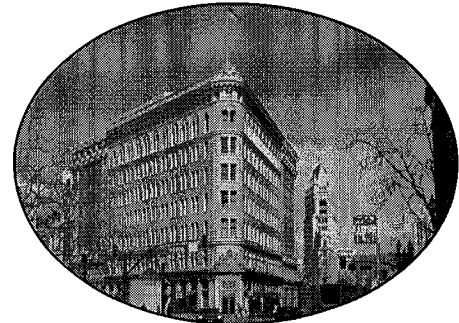


# WORKERS' COMPENSATION ANNUAL REPORT FY 2013-14



The City of Oakland's Human Resources Management department is tasked with managing the City's work related injury claims.

This report will outline the Workers' Compensation Program from FY 2013-14 with multiple comparisons between departments, previous years, & other similarly sized cities.



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**ANIL COMELO,**  
 DIRECTOR OF HUMAN RESOURCES MANAGEMENT

**DEB GRANT, RISK MANAGER**

#### Disability Benefits Management

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 Annie Chin (510) 238-4958  
 Donella Williams (510) 238-6488

#### Safety / Loss Control and Fleet Safety

Greg Elliott (510) 238-4993  
 Mike Spade (510) 238-7971

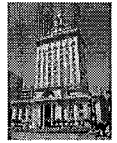
#### Administrative Analyst

Michael Bailey (510) 986-2898

#### HR Clerk

Erika Turner (510) 238-7660

# CITYWIDE OVERVIEW WC ANNUAL REPORT FY 2013-14



This report outlines for City Leaders the scope, costs, and trends of the City of Oakland's Workers' Compensation Program. This report will provide managers and supervisors at the department level with a reference tool to understand the losses and trends of their industrial injuries.

## *FY14 Program Results*

- **\$549,469 reduction in Total WC Benefits Paid costs**  
- down by 3.5%
- **\$1,489,665 reduction in Total WC expenses**  
- down by 6.4%
- **Nearly \$3Million decline in Temporary Disability payments**  
- down by 34%
- **22% Decline in New Temporary Disability Claims**  
- over the past 4 years
- **\$4.3Million Cost Avoidance via Transitional Duty Program participation**
- **TPA Annual Performance Audit Rating of 73%**  
- 12% below targeted performance ratio

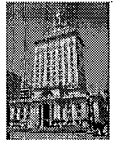
## *FY14 Initiatives/Enhancements*

- **Full Integration of the Disability Management Program**
- **Increased Promotion of Web-Based Training Program, Target Solutions**  
- over 100 safety and wellness courses & much more
- **Designated WC Coordinator placement in High Volume Departments**
- **Monthly Disability Meetings with Departments**
- **Regular Medical/Legal Meetings with Departments**
- **Quarterly Financial Review Meetings with TPA**
- **Telephonic Injury Reporting for Workers' Compensation Claims**

## *FY14 Future Innovations*

- **Implementation of RiskMaster Disability Management Software**
- **Established a Medical Provider Network via WellComp for WC Claims**
- **Ongoing Realignment of Disability Management Programs**
- **Continuous Development of Disability Management Program Staff**

# CITYWIDE OVERVIEW WC ANNUAL REPORT FY 2013-14



## FY 14 Costs In Millions

*Of note...*

- More than half of the Workers' Compensation program costs are attributed to Medical & Temporary Disability payments on claims

Exhibit 5-A

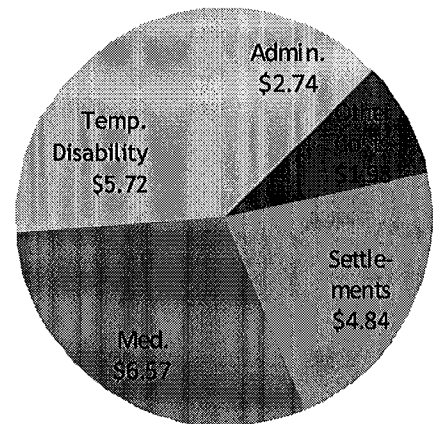
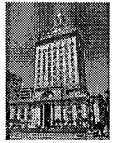


Exhibit 5-B

*Annual Costs*

Fiscal Year	2012-13	2013-14	% Change
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Medical	\$6,287,395	\$6,571,597	5%
Operational Expenses	\$20,487,657	\$19,004,868	-7%
Admin. Expenses	\$2,745,036	\$2,738,157	0%

# CITYWIDE OVERVIEW WC ANNUAL REPORT FY 2013-14



## STRATEGIC REALIGNMENT

In FY 2013-14, the Human Resources Management Department adopted an integrated approach to Citywide disability management programs. Up to this time Workers' Compensation Industrial Injury claims had been handled separately from personal disability claims. In FY 2013-2014 recruitments were set in motion for the Risk and Benefits Division of the Human Resources Management Department to hire new Disability Benefit Coordinators to implement an integrated disability management program.



The integrated approach to Disability Management is considered to be an industry standard for best practices in the handling of employee disability, accommodations, and leave of absence.

This new approach will impact the way the City handles employee activity related to the Family Medical Leave Act and California Family Rights Act (FMLA/CFRA), and many other mandated personal medical and disability protections available to employees including the American's with Disabilities Act, and Fair Employment and Housing Act (ADA/FEHA). Employee rights will be better protected in this model as well as the operational needs of the City.

In 2013-2014 the Human Resources Management Department continued it's strong commitment to City employees, and the City as a whole via continuous responses to:

- vehicle safety procedures and accident review
- workplace violence prevention and response,
- pre-employment physical exams
- ergonomic assessments, accommodations and coaching,
- hazard communications and abatement
- occupational safety, injury prevention, protective equipment use and training
- workers' compensation, fringe benefits, & medical care, and
- loss of City assets and response.

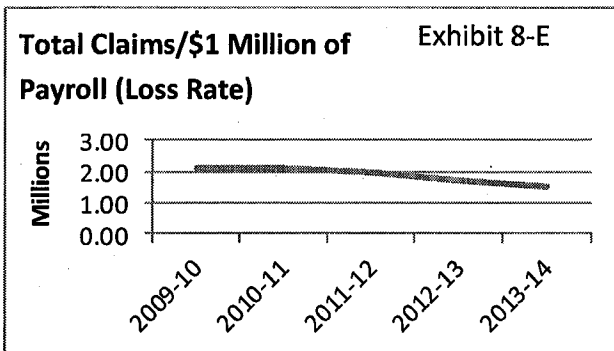
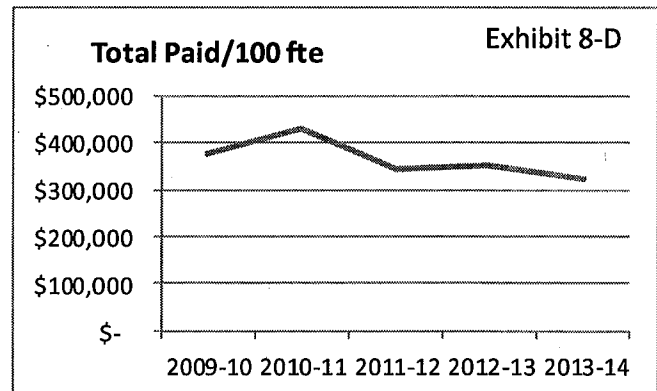
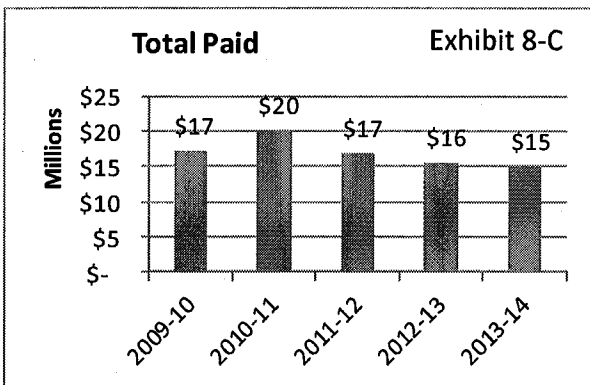
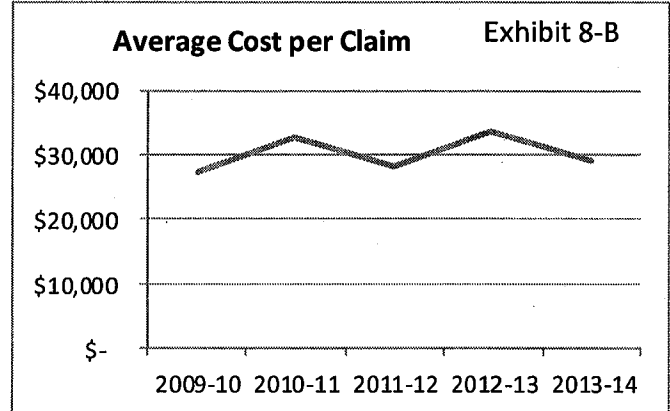
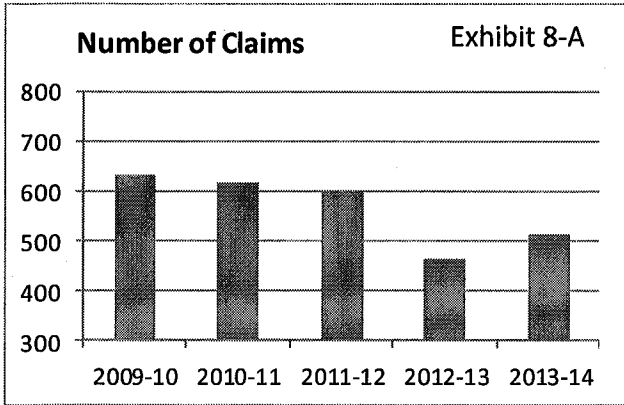
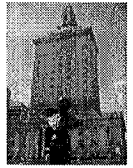
# CITY'S COMPARISONS



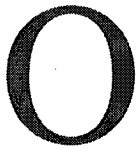
As a Self-Insured employer, the City is required to submit a Self-Insured Annual Report to the State of California each year. The Self Insured Annual Report (SIA) captures workers' compensation and employment data from all self-insured employers within the State. While the State uses the data to determine the annual Workers' Compensation Assessments to be charged to employers, it is also beneficial to the City as a point of comparison against year to year program performance as well as comparing performance between similarly situated public entities. The table below provides data extracted from the City's SIA for the past 5 fiscal years. The following pages provides charts comparing the City's Workers' Compensation experience against itself as well as comparable cities.

COO Self-Insured Annual Report to State of California					Exhibit 7-A
	FY 10	FY 11	FY 12	FY 13	FY 14
Indemnity Claims Received	402	392	331	289	307
Medical Only Claims Rec'd	228	224	267	176	208
Total # of Claims Rec'd	632	616	598	465	515
Total Benefits Paid (Disability & Medical Expenses Only)	\$17,257,061	\$20,158,828	\$16,901,893	\$15,611,250	\$15,061,781
Total Future Liability	\$32,455,624	\$39,433,208	\$35,932,649	\$34,164,988	\$40,264,806
# of Employee (FTE)	4604	4714	4921	4424	4684
Total Reported Payroll	\$297,050,512	\$294,243,135	\$299,259,395	\$270,358,254	\$334,111,830
Total # Claims/100 FTE	13.73	13.07	12.15	10.51	10.99
Total Benefits Paid/100 FTE	\$374,828	\$427,637	\$343,465	\$352,876	\$321,558
Total # Claims per \$1M Payroll	2.13	2.09	2.00	1.72	1.54
Total Benefits Paid per \$1M Payroll	\$58,095	\$68,511	\$56,479	\$57,743	\$45,080
Average Cost per Claim	\$27,305	\$32,725	\$28,264	\$33,573	\$29,246

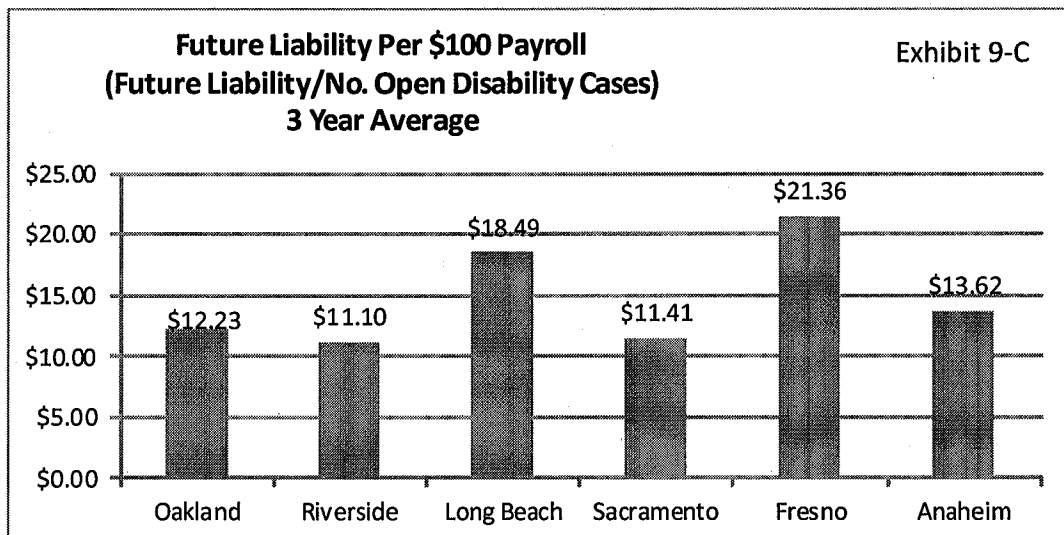
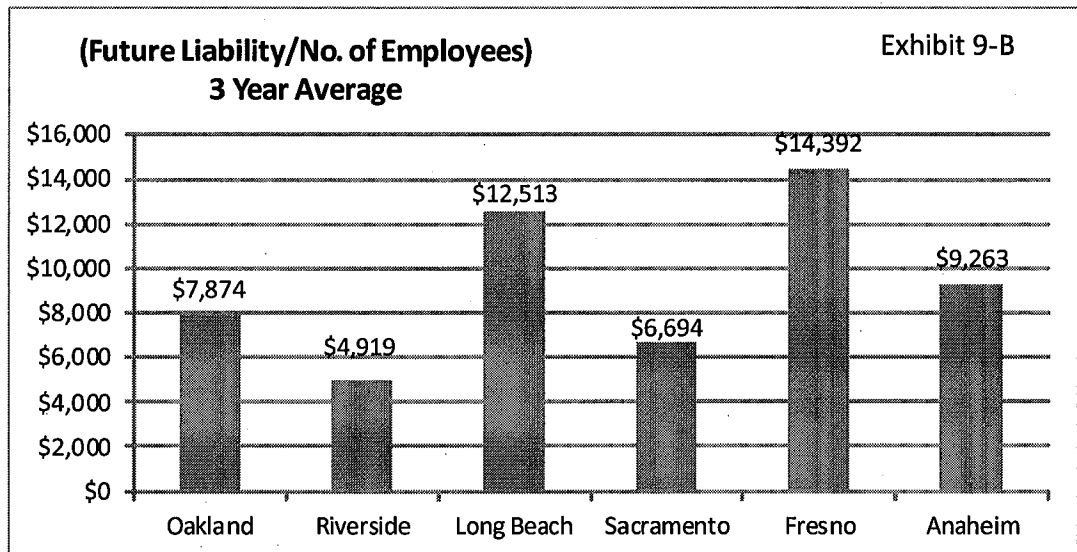
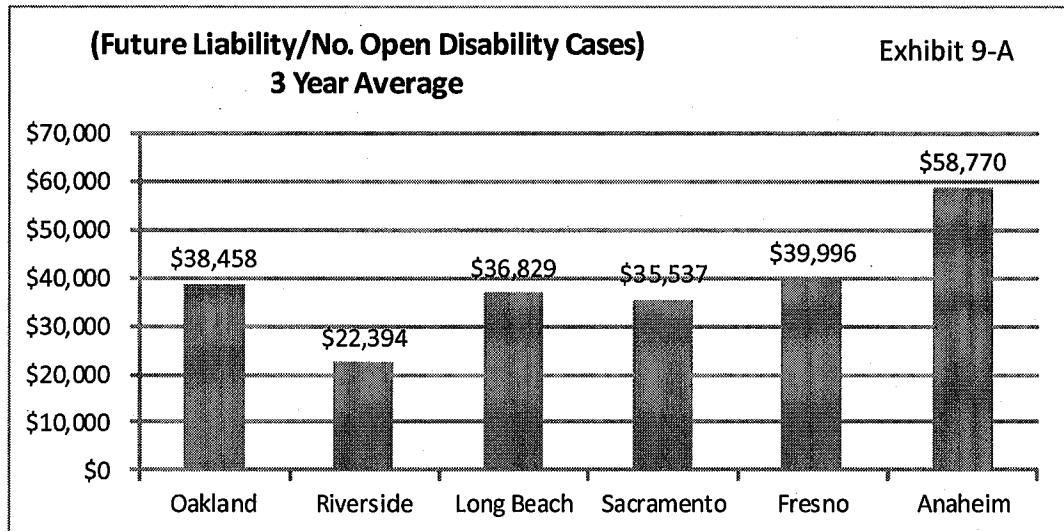
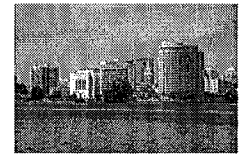
# OAKLAND VS. OAKLAND







# AKLAND VS. OTHER CITIES



# WHAT'S AHEAD



The Human Resource Management Risk and Benefits Division has restructured its focus for coming years in ways that will benefit the City, its employees and the entire Disability Management Program as a whole.

## INTEGRATED DISABILITY MANAGEMENT

The Risk Management Division has hired two Disability Benefit Coordinators and a Benefits Technician who will take on the responsibility of all disability benefits that are being provided to City Of Oakland employees. All industrial and personal absences and accommodations related to medical conditions will now be handled according to mandated leave provisions from the point of injury or illness. This will minimize the impact of long-term industrial absences on departments across the City. Department liaisons who work with HRM (including Special Point of Contacts (SPOC's), Departmental Workers' Compensation Coordinators (DWCC's), Supervisors, and Managers across the City) will be trained in 2015 to realign the handling of their injured worker claims with nonindustrial leaves and accommodations.

## MEDICAL PROVIDER NETWORK (MPN)

Effective January 1, 2015, the Human Resources Management Department implemented a Medical Provider Network (MPN) for workers' compensation medical services. As a member of California State Association of Counties (CSAC) Excess Insurance Authority (EIA), the City of Oakland now obtains services through the CSAC MPN "WellComp". Advantages of the MPN include:

- initial medical treatment from over 3,200 independent medical providers (as opposed to the previous model of a single medical provider)
- expanded initial medical provider treatment options for injured
- quality occupational medical care over a wide geographic area
- reduced litigation
- increased access to specialists who can provide more appropriate treatment
- better provider understanding of workers compensation system and related medical protocols.

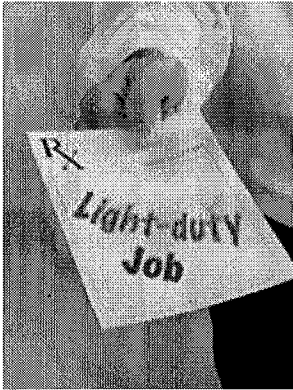
## LEAVE TRACKING DATABASE IMPLEMENTATION

In mid 2015 the Human Resource Management Department is schedule to go live with a new software program to track and manage medical leaves of absence and accommodation via RiskMaster. This new resource will allow the City to better respond to employee and department inquiries regarding all elements of medical leave. The Human Resource Management department will also be able for the first time to track and manage trends and frequencies in medical leaves and disability accommodation across the City.

# PROGRAMS THAT WORK



## COST SAVINGS VIA TRANSITIONAL DUTY PROGRAM (EARLY RETURN-TO-WORK)



The City's Transitional Duty program enables injured employees to return to work performing meaningful tasks that are within physical restrictions set by their physician. These assignments are meant to provide an opportunity for the employee to "transition" back to their regular work duties. The City of Oakland's offering of temporary modified work assignments is one of many ways that the City protects the Americans with Disabilities (ADA)/Fair Employment and Housing Act (FEHA) rights of our injured workers.

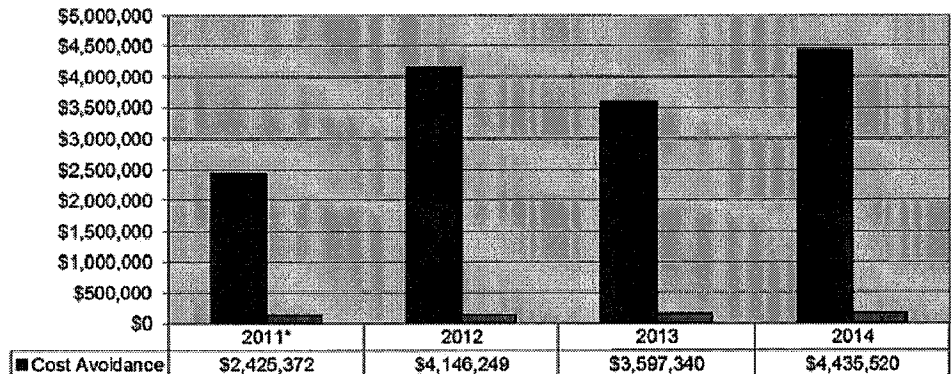
Return-To-Work programs are also effective at controlling Workers' Compensation costs. The City's Early Return to Work Program cost avoidance increased 23.3% from last year resulting in a cost avoidance for Fiscal Year 2013-14 of \$4,264,320. If not for the City's Return to Work program, \$4,435,520 would have been paid to employees who had stayed at home instead of working as part of the Early Return-To-Work program.

The ability of the injured employee to return to a transitional duty assignment is contingent upon the severity of the injury, and the physician providing work-related restrictions. The Risk and Benefits Division and the TPA work diligently and in concert to place injured employees in transitional duty assignments whenever medically possible. The TPA requests work restrictions from the physician at every medical appointment.

While the City advises all doctors treating our employees that the City has an aggressive Return-to-Work Program, it remains the doctor's prerogative to take the injured worker off work completely. However, the City's cost avoidance attributable to the transitional duty performed through the Return-to-Work Program, remains significant, totaling \$14,605,481 over the last four years.

Exhibit 11-A

Transitional Duty Program Savings



*Of note...*

- \$821,680 more savings than last year
- \$4,264,320 saved in FY 13-14

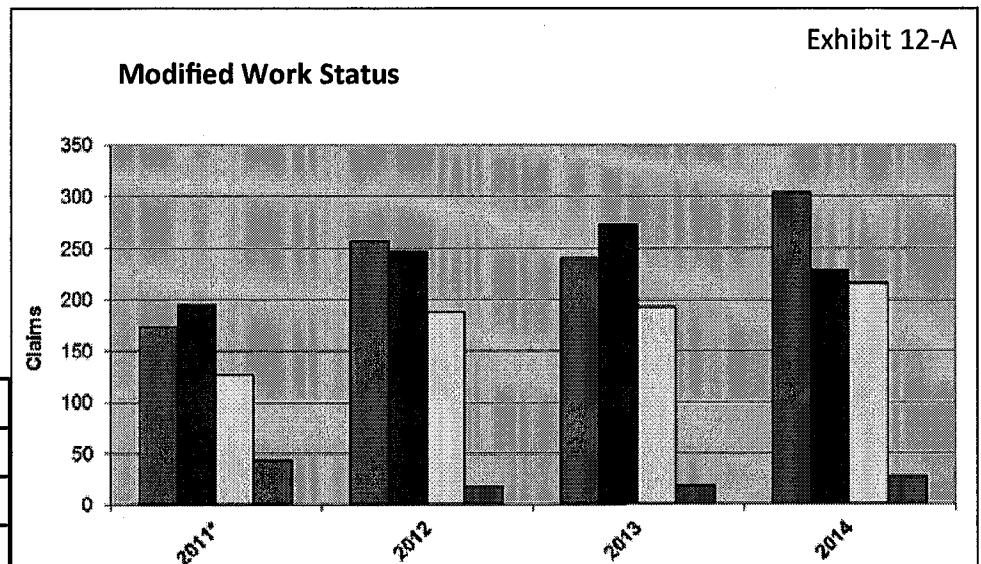
## Productivity Gains via Transitional Duty Program (Early Return-To-Work)

In 2013-14 the City of Oakland's Early Return-To-Work program gained momentum with the number of claims engaged in modified duty assignments (seen in green below) well exceeding the number of claims where the injured worker was not working at all (as seen in blue below). The red below indicates times when a department puts an employee on Paid Admin. Leave in lieu of providing modified duty.

*Of note...*

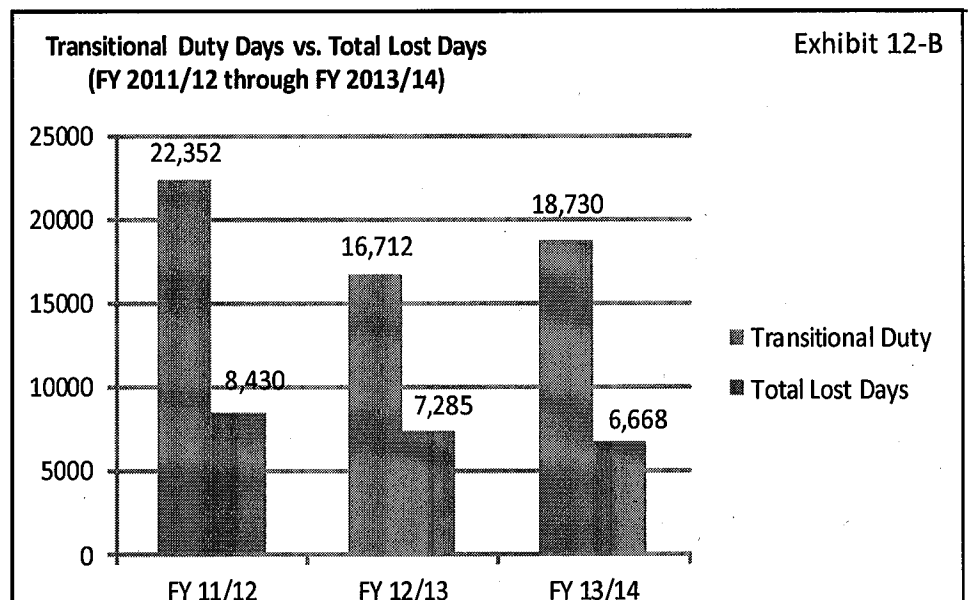
- 2018 more days of modified duty than last year
- 617 fewer lost days than last year

	Working Mod Duty
	Not Working
	Full Duty (U & C)
	Pd. Admin. Leave



## Days Worked via Transitional Duty

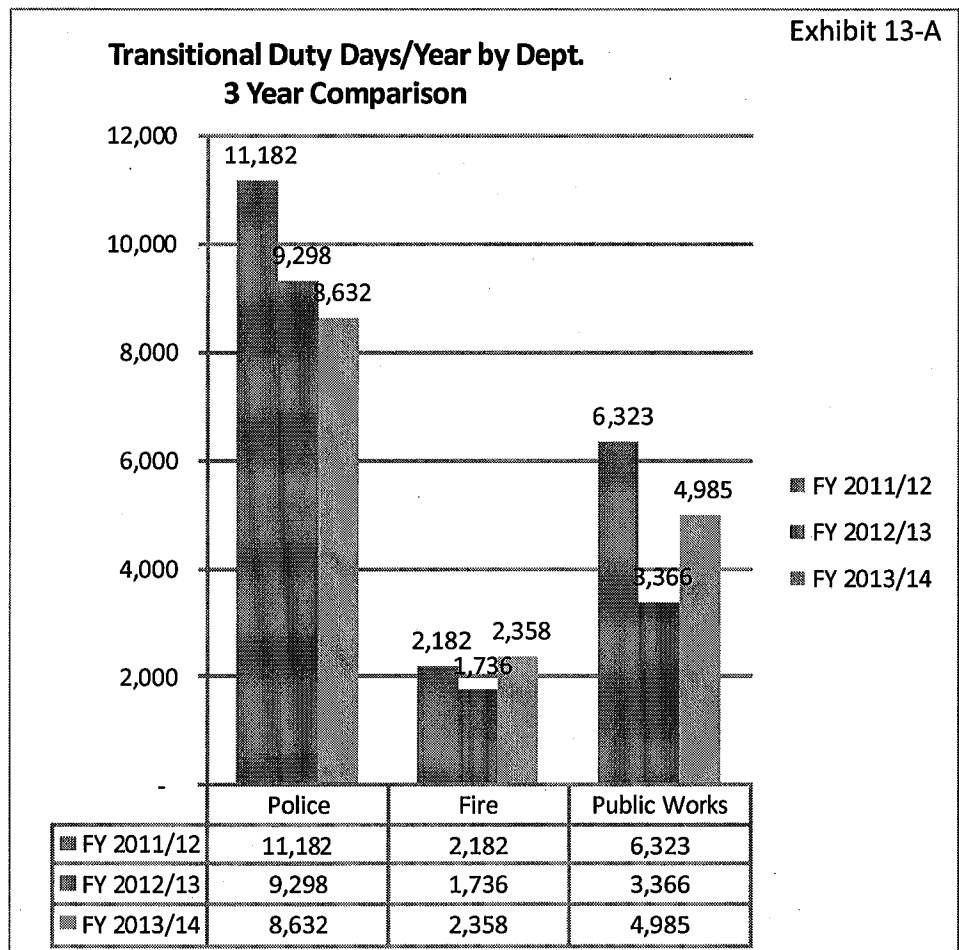
Exhibit 12-B outlines the increased productivity gained by having employees return to transitional modified work while they are still recovering from injuries. As seen in exhibit 12-B Fiscal Year 2013-2014 reflects 2018 more days of regained productivity related to injury claims than just last year. There were also 617 fewer lost days in Fiscal Year 2013-2014 than last year as well.



## Transitional Duty Program Use By Department

*Of note...*

- OFD & OPW had more injured workers in the transitional duty program in FY 2013-14 than last year
- OPD has had the most injured workers in the transitional duty program in each of the last 3 years
- Overall FY 2011/12 had more total workers in the transitional duty program than each of the 2 subsequent years.



## PERFORMANCE MEASURES

The City of Oakland’s HRM department uses a variety of measures to monitor performance of how claims are administered. The statistics of Closing Ratio and Fraud Investigations in the exhibits below will highlight some of these measures.

**Closing Ratio** measures how many claims are closed as compared to newly opened claims over a specific period of time. A closing ration 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).

**Claims Productivity Ratio by Fiscal Year** Exhibit 14-A

FY Ending	# Claims Closed	# Claims Opened	Closing Ratio
2009	829	650	128%
2010	812	592	137%
2011	701	568	123%
2012	634	598	106%
2013	691	566	122%
2014	645	640	101%

*Of note...*

- Fraud tips are the most prevalent method of fraud detection
- Organizations with a fraud reporting hotline have a much higher likelihood to detect a fraud from a tip (51%) than organizations without hotlines (35%)

**Fraud Investigations have 3 parts:**

1. Surveillance (observation of individual, without contact with the subject)
2. Field Investigations (progression of surveillance, and taking statements from the subject & others)
3. Fraud Referral (the final step, when the case meets the standard for fraud set by the District Attorney)

Fraud Investigation Activity					Exhibit 14-B
Total Claims Filed	Surveillance	Field Investigation	Fraud Referral (FD-1) Submission	Background Checks	Denied Claims
515	37 (7%)	28 (5%)	11 (2%)	34 (7%)	88 (17%)

## AGREED MEDICAL EXAMINATIONS (AME)

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 exhibit below provides information on the number of AME and QME (Qualified Medical Examination) processes that have been utilized for Fiscal Year 2009-10 through Fiscal Year 2013-14. In addition, this exhibit reflects the number of cases settled on the basis of the opinion of the employee’s Primary Treating Physician (PTP).

	2009-10	2010-11	2011-12	2012-13	2013-14
Number of Claims Settled	277	157	322	132	132
AME (Agreed to Medical Examination)	161	106	258	103	84
PTP (Primary Treating Physician)	50	24	42	18	22
Panel QME (Employee Unrepresented by Attorney)	38	14	13	6	15
QME (Employee Represented by Attorney)	13	7	6	5	11
Other (Death or other decision/action)	15	6	2	0	0

# PROGRAMS THAT WORK



**ACCIDENT REVIEW COMMITTEE (ARC)** Each department has its own Accident Review Committee. The role of the ARC is to review every vehicle accident within a department, regardless of who is at fault, determine whether the accident was preventable, and identify ways to mitigate future, similar, accidents. The Committee is comprised of representatives from Human Resources Management, Employee Relations, departmental supervisors, and the ARC Departmental Chairperson. The ARC makes recommendations to the Department, which the Department may choose to implement. Effective application at the department level to apply the recommendations from the ARC is a key method for departments to reduce the number and severity of claims.

*Of note...*

- \$101,858 refunded via Insurance Recoveries

**PROGRAM INSURANCE RECOVERY** - The Risk Management Division has collected over \$82,255 in 3<sup>rd</sup> Party associated with Workers' Compensation claims as well as \$19,603 in Excess Recoveries for a total recovery value of \$101,858.00.

## SAFETY AND LOSS CONTROL

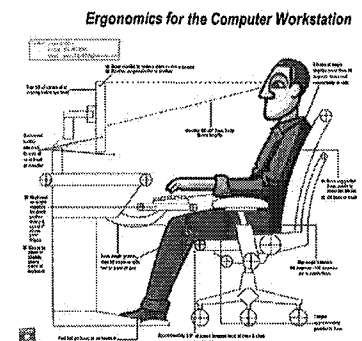
The City's safety programs are designed in response to claims activity within departments, as well as OSHA-mandated trainings.

Loss control efforts are promoted through the Ergonomics Program, Targeted Safety and Loss Control Programs, OSHA Compliance Programs, Ergonomic Workstation Design, and a Defensive Driving Program.

The City of Oakland's web-based training program, has proven effective at reaching a significant number of employees. Introduced in 2008, the roster includes more than 100 safety and wellness courses designed specifically to meet State and Federal OSHA regulatory requirements. Managers and supervisors are able to assign courses to their staff, and track the status of completion. Because the courses are on-line, staff are able to take the required courses as their schedules allow, and the City is able to add courses designed by City staff as new resources become available. To date, employees have completed more than 8,500 courses.

The City of Oakland sets the tone for commitment to ergonomic work practices by:

- Offering ergonomic coaching in each monthly New Employee Orientation meeting
- Offering one-on-one ergonomic assessments upon request for all new office-based staff
- Providing group classes on ergonomic safety protocols targeting the many physically intensive jobs across the City including Public Works, the Library, and Parks & Recreation
- Responding to one-on-one ergonomic reviews in response to medically necessary requests for ergonomic accommodation, or at the request of the individual employee.





# PROGRAMS THAT WORK



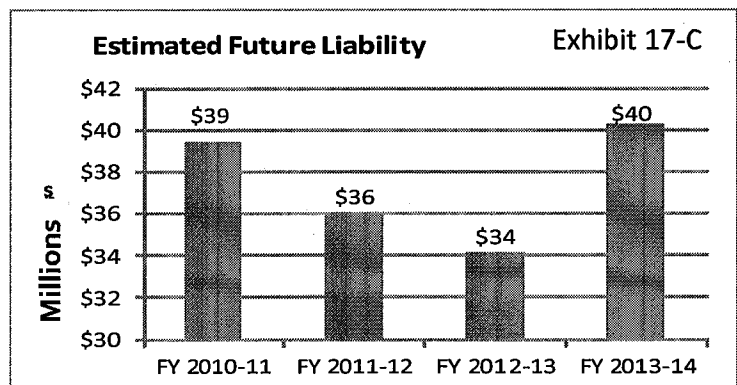
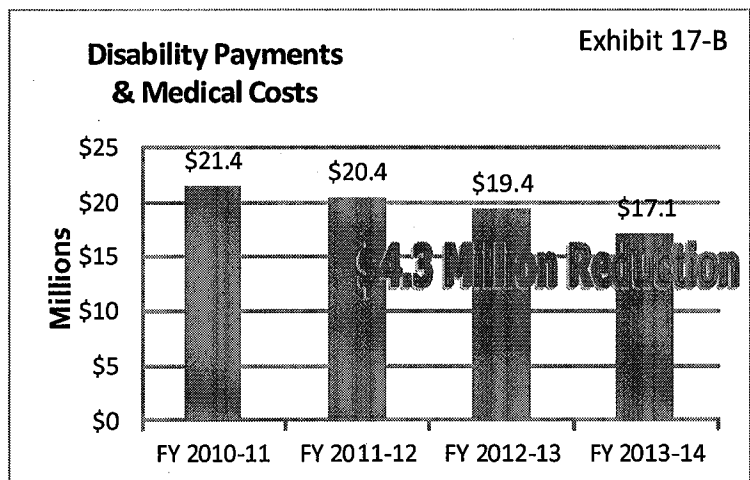
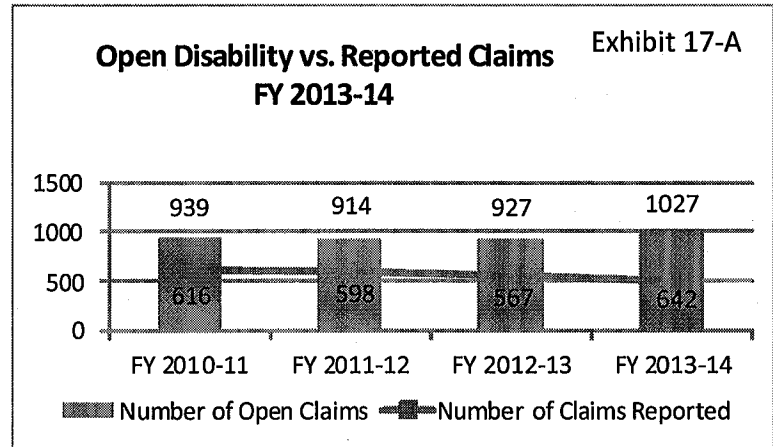
## CLAIM MANAGEMENT PROGRAM

*Of note...*

- 9.37% increase of disability claims in FY 2013-14
- \$4.3 Million reduction of Disability Payments
- Effective Utilization Review decreases Disability & Medical Costs despite increasing New & Open Claims

The City's Claim Management Program standardizes the process the process for documenting and reporting claims, and incorporates a transitional duty (Early Return-to-Work) program. The effectiveness of this program hinges on the contributions of three groups:

- Department-Based Coordinators
- RMD Workers' Compensation Program Coordination
- The City's Third-Party Administrator (JT2 Integrated Resources).



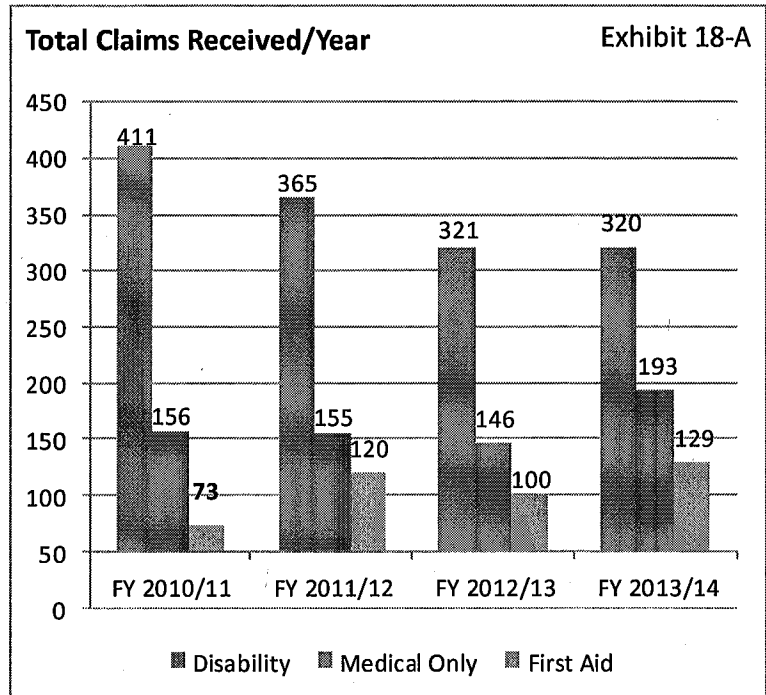
# PROGRAMS THAT WORK



## CLAIM MANAGEMENT PROGRAM

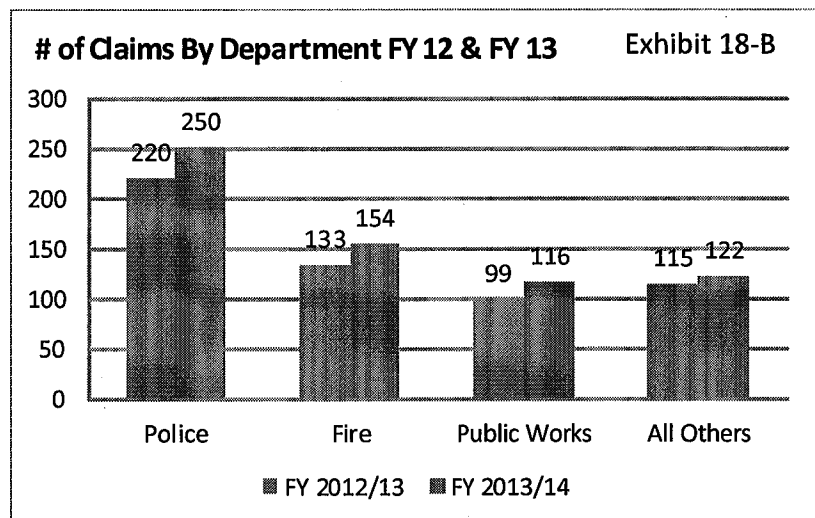
*Of note...*

- Over the past 4 years disability claims have steadily declined.
- Increases in Medical Only and First Aid claims reflect less severe injuries (i.e. lower costs).



*Of note...*

- The number of injuries per department increased in FY 13 compared to FY 12.
- Injuries/department in some smaller groups (i.e. Finance Management, OPL, DHS, & OPR declined at the level of the individual department).



# THIRD PARTY CLAIMS ADMINISTRATOR

## ACTIVE PARTNERSHIP WITH A THIRD PARTY ADMINISTRATOR

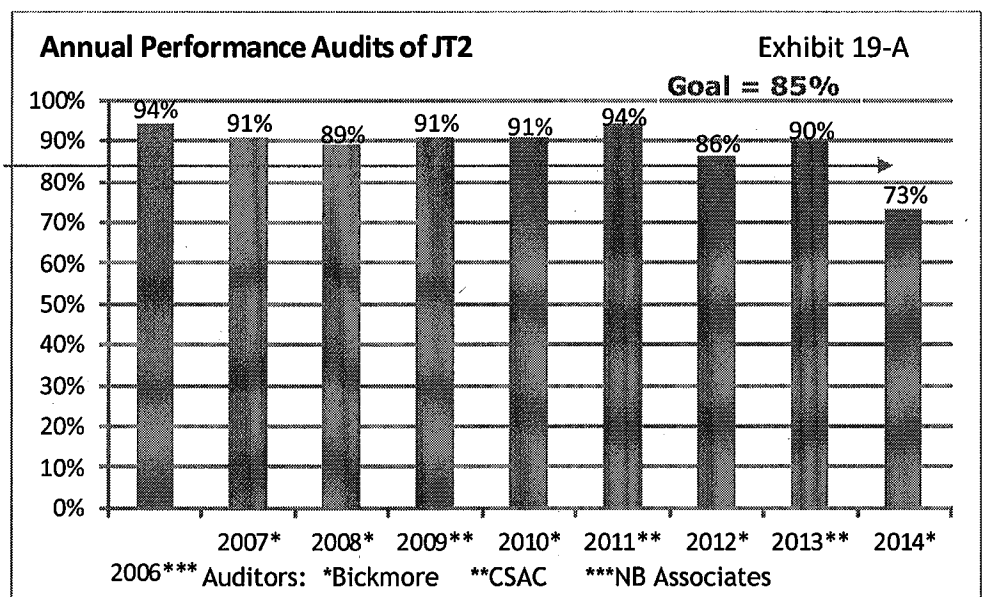
The success of the City's Self-Insured Workers' Compensation program relies heavily on an ongoing and interactive partnership with the City's third party administrator (TPA). The TPA assists in managing the regulatory and technical compliance associated with the Division of Workers' Compensation (DWC) and the California Division of Industrial Relations (DIR). The City's Risk and Benefits staff maintain daily contact with the TPA related to all aspects of claim management that impact our staffing, claim processing, reserve allocation, and settlement funding related to our self-insured status.

The City engages in a number of different analytical tools to assess the performance of the TPA. Included in these tools are annual Claims Audits, Annual Actuarial Reviews, quarterly financial reviews, quarterly fraud status updates, and intermittent miscellaneous reviews, such as Fraud program review, contract compliance assessments, etc. In the past year, the City commissioned a number of these tools, including a claims audit, actuarial assessment, and fraud assessment. The results of these assessment efforts are found in Appendices C– F. Below is a discussion of the Claims Audit.

Each year the TPA undergoes an audit of their overall performance. Since 2001 the City has contracted with JT2 Integrated Resources as the TPA. The graph below outlines JT2's annual audit scores over the last 9 years. As seen in the graph, a passing audit score is 85%. The 2014 independent performance audit rated our TPA, JT2 with an overall 73% performance rating, a marked decline from prior years, as seen in exhibit 19-A. This rating is visibly different from audit scores in prior years as seen in the exhibit 19-A.

*Of note...*

- Annual ratings exceeded the 85% pass mark in all prior years.
- 2014's Annual Rating shows a marked decline from prior years.
- See Appendix C for more detailed information.



# THIRD PARTY CLAIMS ADMINSTRATOR

## ACTIVE PARTNERSHIP WITH TPA (continued)

The 2014 performance audit found JT2 to exceed the 85% performance standard in half of the 14 categories rated (highlighted at the top half of Exhibit 20-A). Each of the passing categories, with the exception of one, exceeded the 85% performance standard.

The other half of the 14 rating categories in the audit received failing scores. Each of the failing scores in 2014, with the exception of one category, was at least 5% or more *below* the baseline performance standard of 85% in 2014.

The audit's overall 2014 rating of 73% reflects a decline in many of the categories identified by the City as critical services for the success of the workers' compensation program. The Human Resources Management staff is meeting with JT2 regarding the deficiencies found in the audit and will continue to monitor closely the areas where performance improvement needs are highlighted in Exhibit 20-A.

<b>TPA Audit Results</b>				Exhibit 20-A
<b>Performance Standard</b>	<b>2014 Rating</b>	<b>2103 Rating</b>	<b>2012 Rating</b>	<b>% change since last</b>
48 Hour Claim Set Up	97%	NT	97%	0%
Physical Therapy Management	91%	NT	94%	- 3%
Transitional Work	91%	NT	90%	+1%
Managed Care & Early Intervention	91%	NT	100%	-9%
Administrative Reports	89%	NT	90%	-1%
Appropriate Identification of Claims (Medical Only vs. Indemnity)	100%	NT	100%	0%
Timely Claim Decisions	94%	100%	79%	-6%
Reserve Adequacy	69%	NT	79%	-10%
Timely/Accurate Payments	73%	88%	89%	-15%
Subrogation Management	67%	100%	NT	-33%
Database Integrity	33%	NT	47%	-14%
Coordination with Contract Monitor	84%	NT	95%	-11%
Litigation Management	69%	99%	93%	-30%
Supervision	79%	80%	86%	-1%
NT = Not Tested				

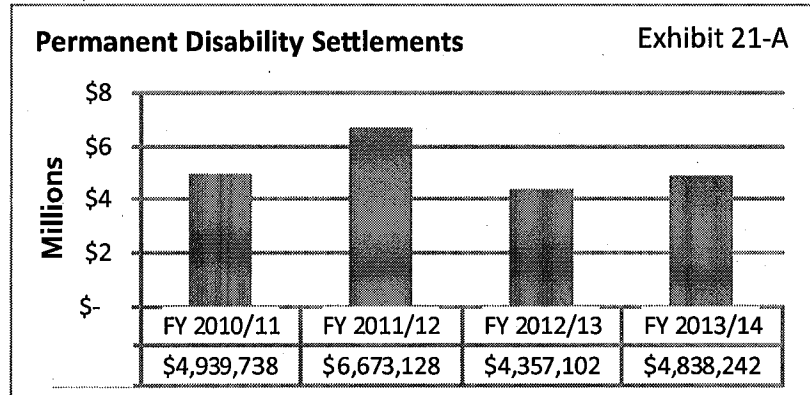
# PROGRAM EXPENDITURE CATEGORIES



The primary expenditure types of the Workers' Compensation Program can be categorized as Indemnity Payments in the form of Permanent Disability and Temporary Disability payments, Medical expenditures, and Allocated Expenditures. Appendix A defines these terms further, and Appendix B provides a detailed breakdown of program expenditures over the past 5 years. The following graphs show four-year histories of each of the key categories of Workers' Compensation expenses:

## PERMANENT DISABILITY SETTLEMENTS

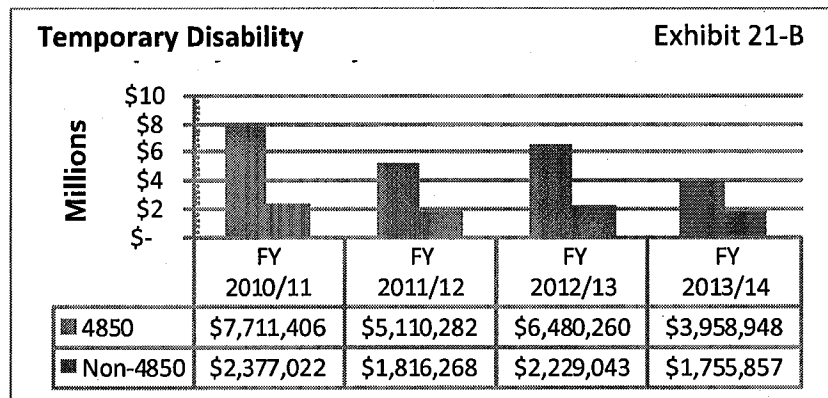
Exhibit 21-A shows a four-year history of indemnity expenses paid for the settlement of claims where the injury has resulted in some level of permanent disability for the employee.



## TEMPORARY DISABILITY PAYMENTS

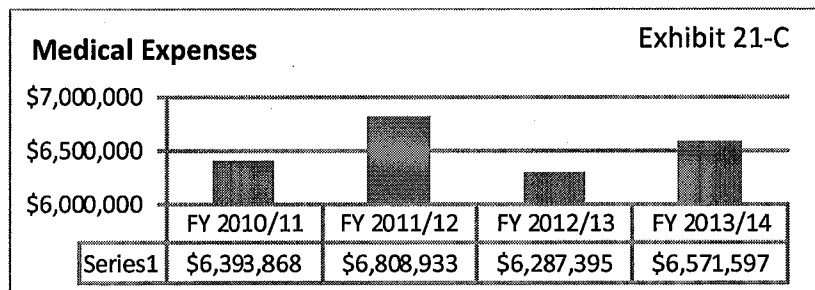
Exhibit 21-B shows a four-year history of indemnity expenses paid for salary related to claims. Indemnity / Salary Expenses are divided into two categories: 4850 and Non-4850.

For non-4850, cost drivers are linked to both negotiated pay increases and to the State Annual Weekly Wage (SAWW). For 4850, full pay costs are driven by negotiated increases in sworn salaries.

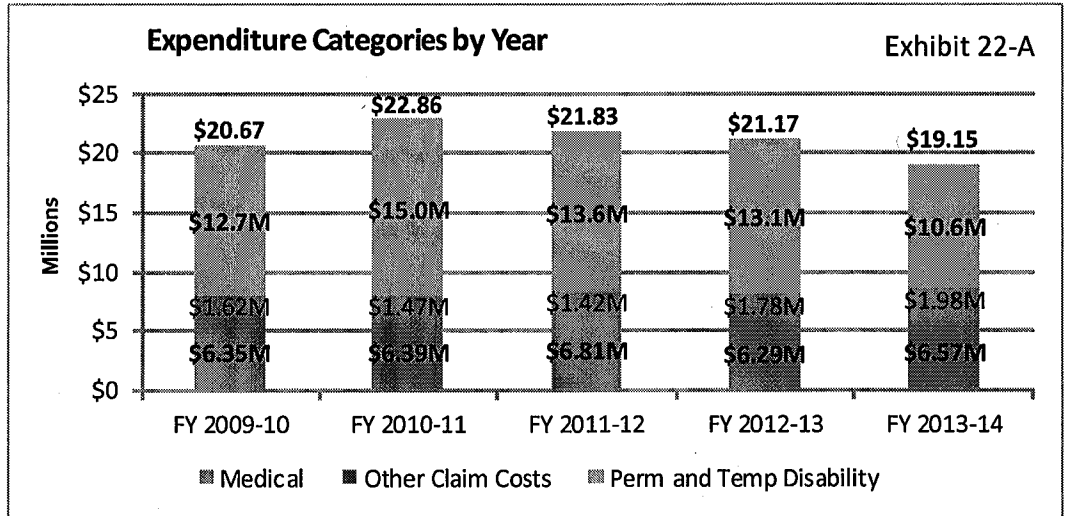
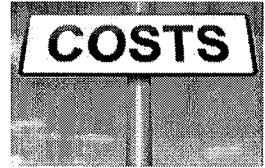


## MEDICAL EXPENSES

Exhibit 21-C shows a four-year history of medical expenses associated with all workers' compensation claims. In FY 2013-14, the City medical expenditures costs increased slightly.

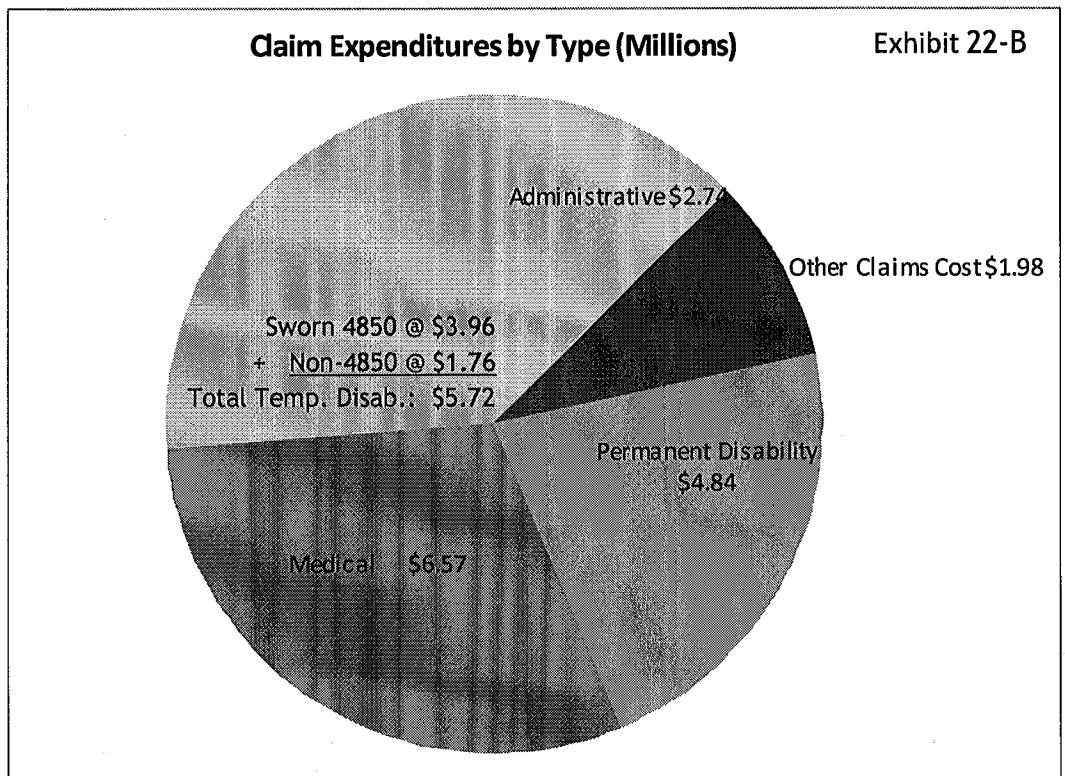


# P PROGRAM EXPENDITURE CATEGORIES

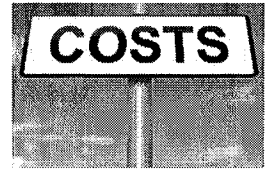


*Of note...*

- \$2.02 Million fewer costs than last year.
- 9% lower cost in FY 2013-14 than the average annual cost in the last 5 years.

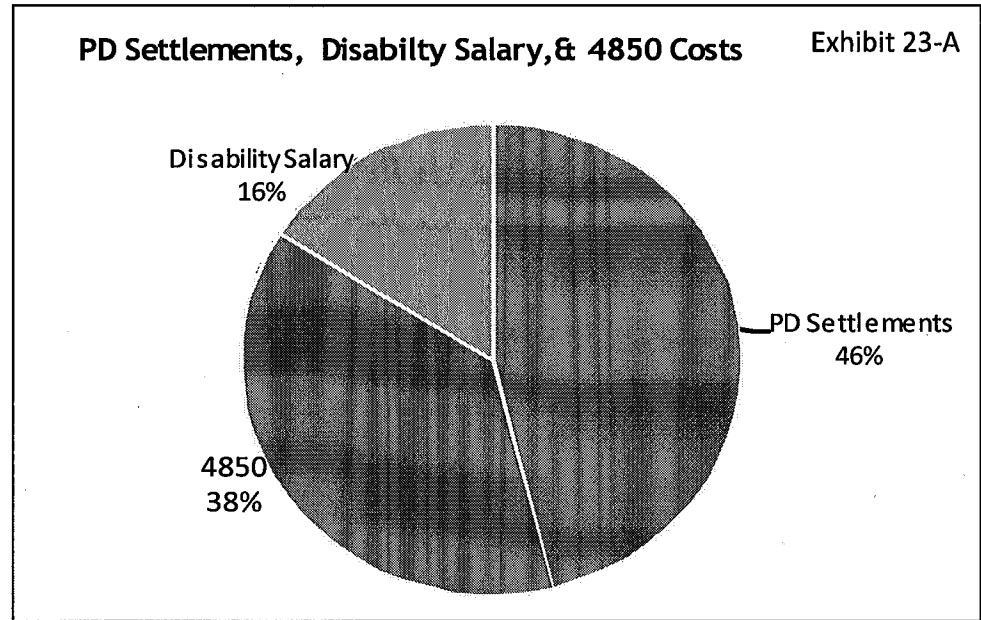


# P ROGRAM EXPENDITURE CATEGORIES



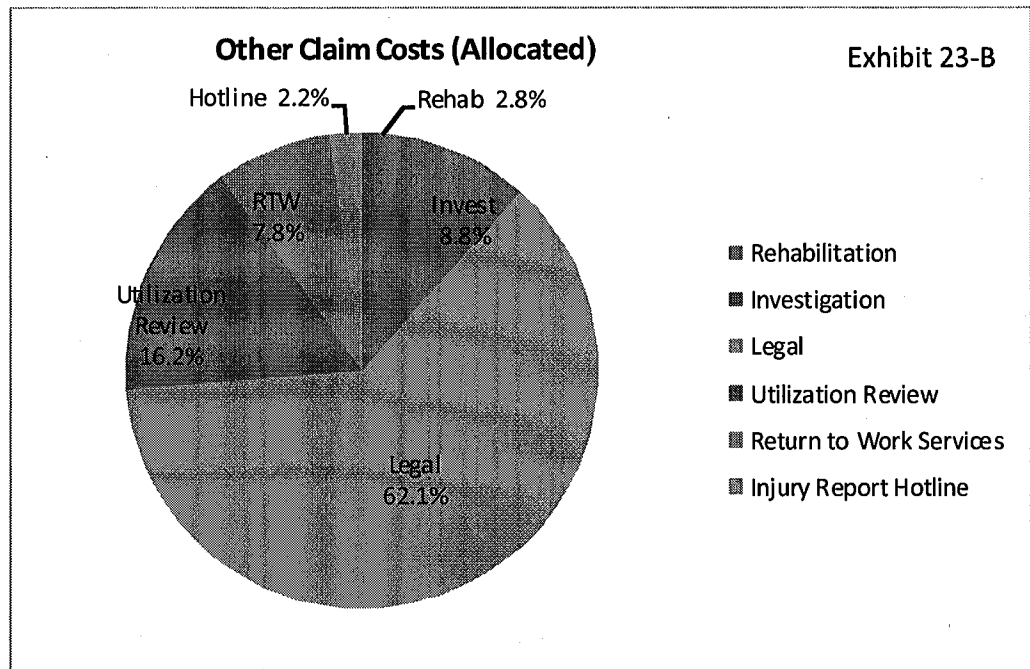
*Of note...*

- Disability Salary & 4850 both relate to Salary Payments made to injured workers missing work time.



*Of note...*

- Other Claim Costs (Allocated) represent the \$1.98 million seen on the previous page
- Other Claim Costs are the costs of administering the program



# FREQUENCY & SEVERITY BY DEPT.



The following exhibits provide department history as related to frequency (number of claims) and severity (future liability of claims). This data can be used by the City and individual departments to determine where the largest program users exist. The focus of injury prevention programs should target the areas of high frequency and severity.

Dept.	FY 2011-12				FY 2012-13				FY 2013-14			
	First Aid	M.O.	Disb.	All	First Aid	M.O.	Disb.	All	First Aid	M.O.	Disb.	All
City Administration	0	1	3	4	0	0	1	1	1	1	2	4
Police	55	53	183	291	42	45	135	222	64	70	132	266
Fire	19	22	93	134	13	25	91	129	18	45	94	157
Public Works	27	39	43	109	18	34	50	102	24	44	55	123
City Attorney	0	1	2	3	0	3	1	4	0	1	1	2
Office of Mayor	0	1	1	2	1	0	0	1	0	0	1	1
Parks & Recreation	7	8	4	19	12	9	6	27	7	13	5	25
Library	2	3	5	10	6	9	10	25	2	5	10	17
Human Services	8	14	18	40	5	14	16	35	11	7	13	31
Financial Mgmt.	2	12	11	25	3	3	6	12	1	3	4	8
Dept. of Info & Tech	0	1	2	3	0	1	3	4	0	1	2	3
Housing & Comm. Dev.	0	0	0	0	0	1	0	1	1	1	0	2
Neighborhood Inv.	0	0	0	0	0	0	1	1	0	0	1	1
Planning & Bldg.	0	0	0	0	0	2	1	3	0	1	1	2
<b>Totals</b>	<b>120</b>	<b>155</b>	<b>365</b>	<b>640</b>	<b>100</b>	<b>146</b>	<b>321</b>	<b>567</b>	<b>129</b>	<b>192</b>	<b>321</b>	<b>642</b>

M.O: Medical Only Claims

Disb. Claims with disability costing

Dept.	FY 2011-12	FY 2012-13	FY 2013-14
City Administration	\$ 48,344.00	\$ 52,204.00	\$ 6,842.00
Police	\$ 4,989,104.00	\$ 2,403,351.00	\$ 2,191,952.00
Fire	\$ 3,331,493.00	\$ 2,353,015.00	\$ 2,090,567.00
Public Works	\$ 562,101.00	\$ 434,666.00	\$ 805,770.00
City Attorney	\$ 1,988.00	\$ 5,771.00	\$ 3,777.00
Office of Mayor	\$ 13,564.00	\$ 11,867.00	\$ 14,775.00
Parks & Recreation	\$ 44,172.00	\$ 27,918.00	\$ 60,363.00
Library	\$ 10,745.00	\$ 22,738.00	\$ 86,437.00
Human Services	\$ 85,288.00	\$ 113,885.00	\$ 118,004.00
Financial Mgmt.	\$ 104,469.00	\$ 28,180.00	\$ 20,950.00
Dept. of Info & Tech	\$ 1,934.00	\$ 3,905.00	\$ 6,527.00
Housing & Comm. Dev.	\$ 45,184.00	\$ 1,800.00	\$ 187.00
Neighborhood Inv.	\$ -	\$ -	\$ 325.00
Planning & Bldg.	\$ -	\$ 6,028.00	\$ 503.00
<b>Totals</b>	<b>\$ 9,238,386.00</b>	<b>\$ 5,465,328.00</b>	<b>\$ 5,406,979.00</b>





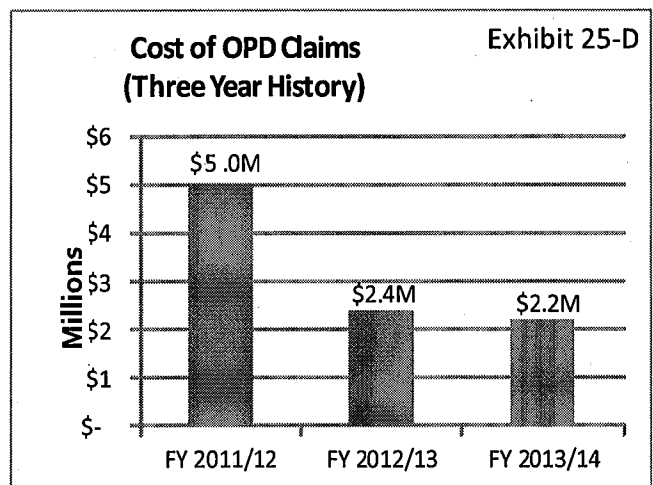
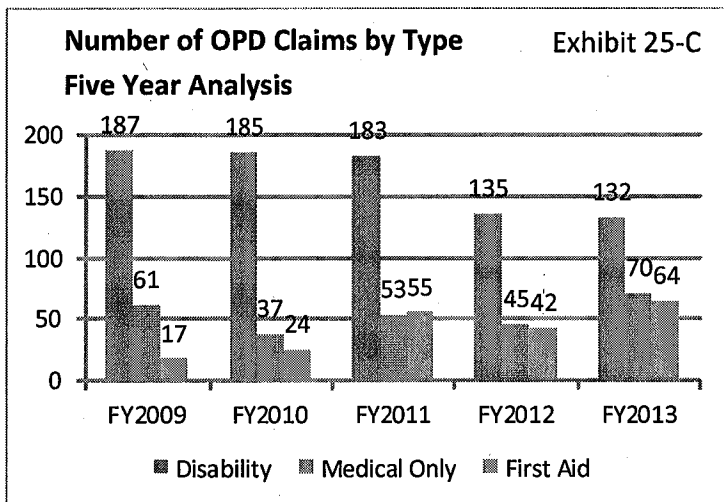
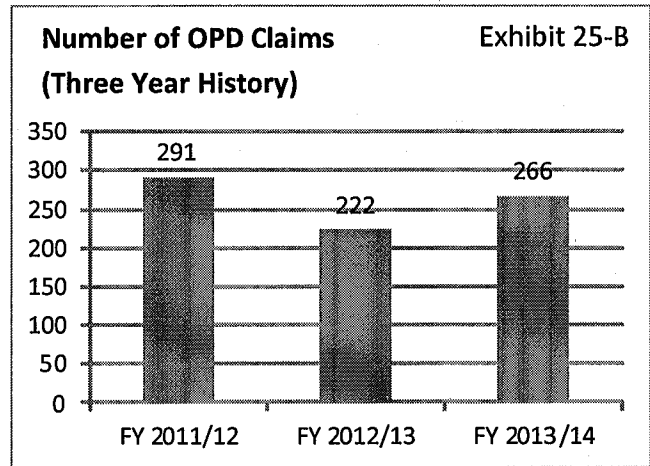
*Of note...*

- 2.3% more claims in OPD in FY 2013-14 than the 3-year average
- 32.8% cost decline on OPD claims since from the 3-year average

	# of Claims	% of City	Cost of Claims	% of City	Average Cost Per Claim
<b>FY 2013-14</b>	266	41.4%	\$ 2,203,940	40.58%	\$8,285
<b>3-Year Average</b>	260	42.2%	\$ 3,206,001	47.33%	\$12,331

*Of note...*

- 2.9% reduction of claims involving temporary disability since last year
- 5-year low for temporary disability claims





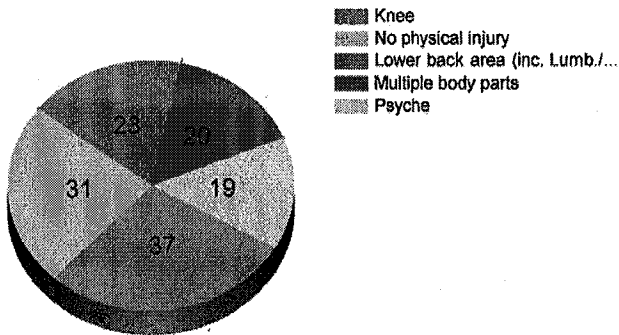
*Of note...*

- OPD knees were injured most often in FY 2013-14
- Strains were the more frequent type of OPD injury in FY 2013-14
- Injuries with the ground were the most frequent cause of loss

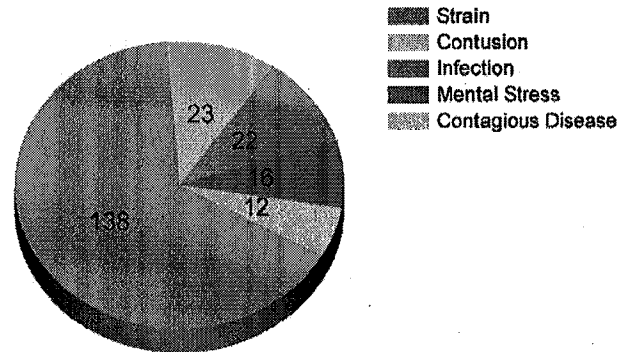
## OPD INJURY TYPES FY 2013-14

Exhibit 26-A

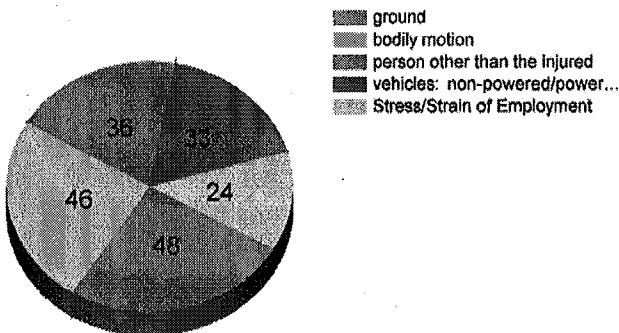
### Top 5 Body Parts



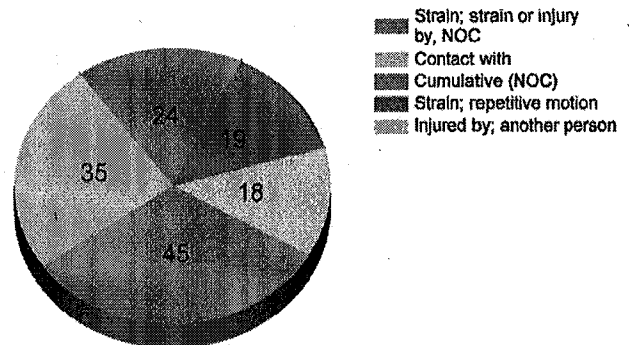
### Top 5 Nature Of Injuries



### Top 5 Loss Causes



### Top 5 Agency Of Injuries





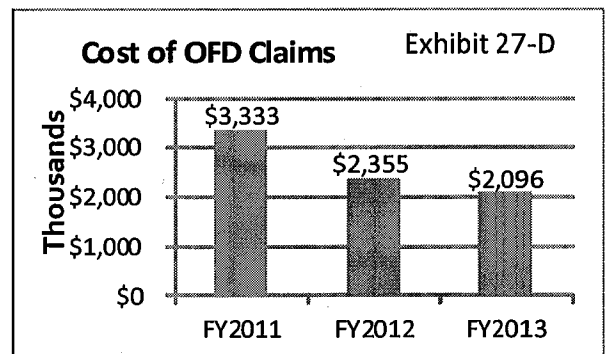
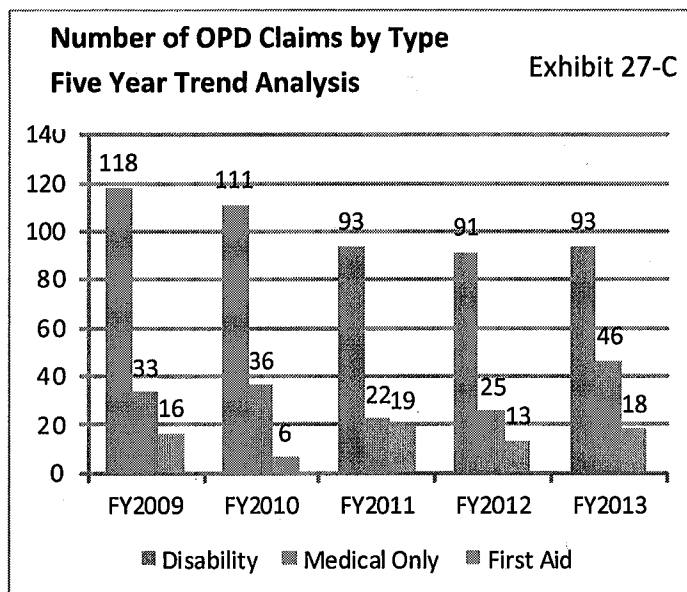
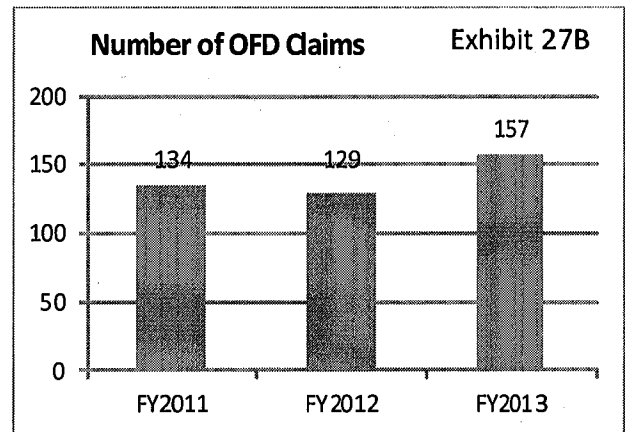
*Of note...*

- 12.1% more claims in FY 2013-14 than the 3-year average
- \$5,185 less cost per claim in FY 2013-14 than the 3-year average

	# of Claims	% of City	Cost of Claims	% of City	Average Cost Per Claim
<b>FY 2013-2014</b>	157	24.5%	\$ 2,095,592	39%	\$ 13,348
<b>3-Year Average</b>	140	22.7%	\$ 2,594,580	38%	\$ 18,533

*Of note...*

- 3-year similarity on the number of OFD Temporary Disability Claims
- Higher total number of claims in FY 14





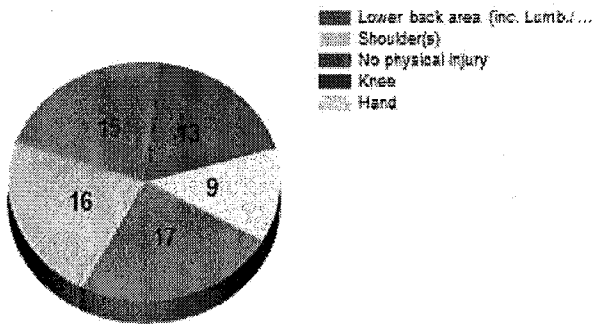
*Of note...*

- OFD lower backs were injured most often in FY 2013-14
- Strains were the most frequent injury in OFD in FY 2013-14
- Injuries with the ground were the most frequent cause of loss in FY 2013-14

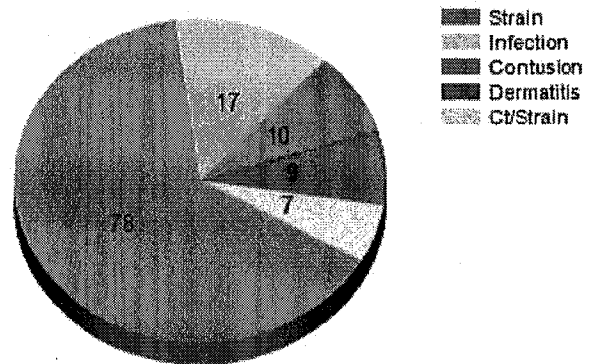
## OFD INJURY TYPES FY 2013-14

Exhibit 28-A

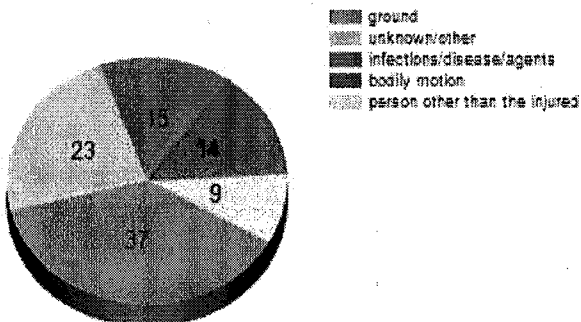
### Top 5 Body Parts



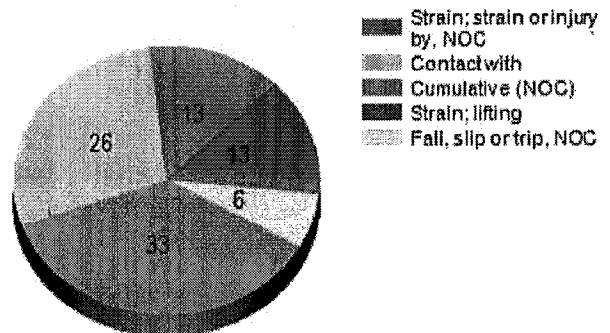
### Top 5 Nature Of Injuries



### Top 5 Loss Causes



### Top 5 Agency Of Injuries



# PUBLIC WORKS



*Of note...*

- 18% more claims in FY 2013-14 than the 3-year average
- \$8,484 less cost per claim in OPW in FY 2013-14 than the 3-year average

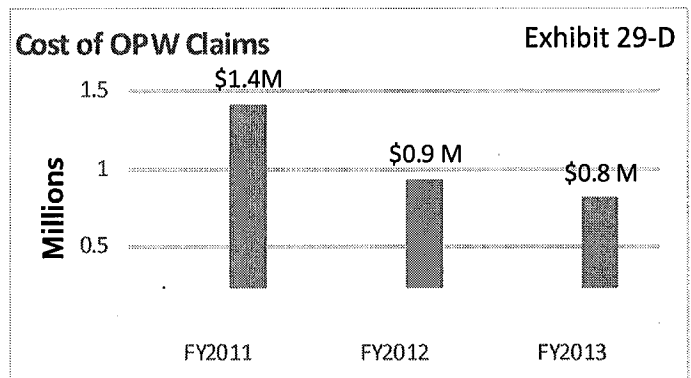
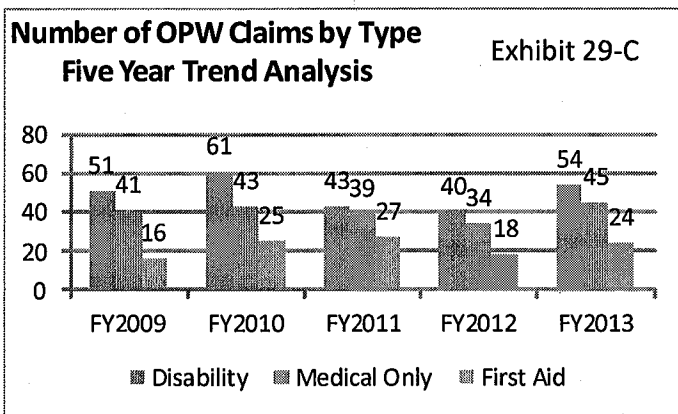
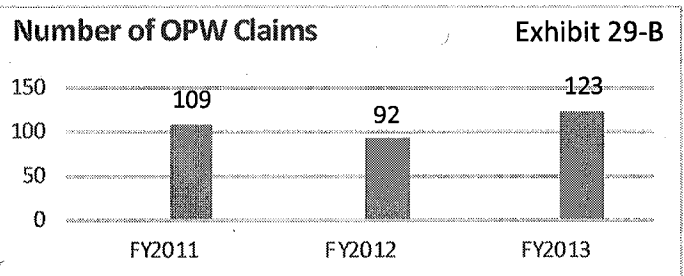
Exhibit 29-A

### Public Works Agency -- Worker's Compensation Claims

	Number of Claims	% of City	Cost of Claims	% of City	Avg. Cost Per Claim
<b>FY 2013-14</b>	123	19.2%	\$1,406,612	7%	\$11,436
<b>3 Year Avg.</b>	105	17.0%	\$1,048,379	9%	\$19,920

*Of note...*

- 3-year low for OPW Claim Costs
- 3-year high for OPW Claims filed
- 5-year high on injuries without lost time



# PUBLIC WORKS



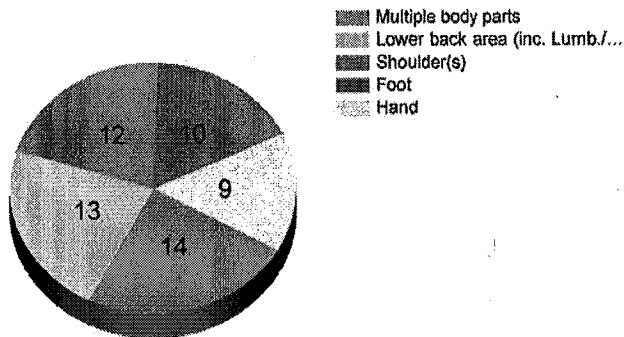
*Of note...*

- OPW injuries involved multiple body parts most often in FY 2013-14
- Strains were the most frequent injury in OPW in FY 2013-14
- Injuries with the ground were the most frequent cause of loss in FY 2013-14

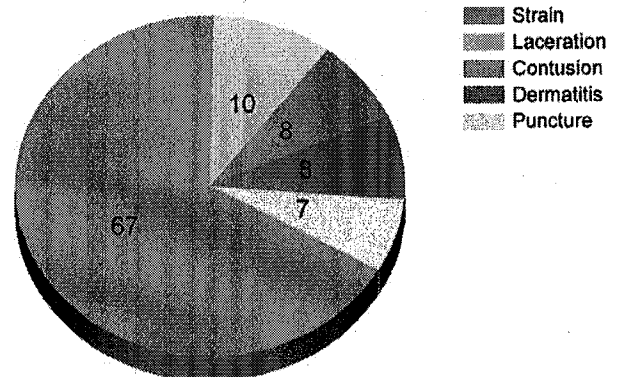
## OPW INJURY TYPES FY 2013-14

Exhibit 30-A

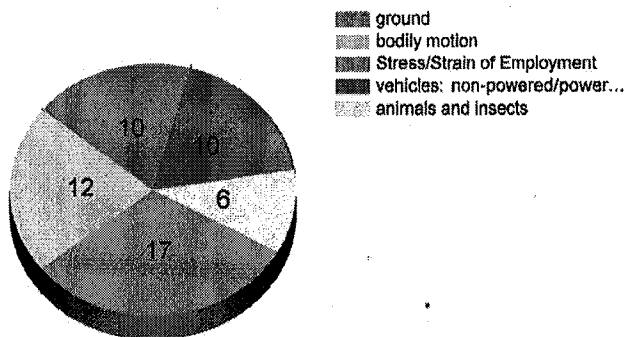
### Top 5 Body Parts



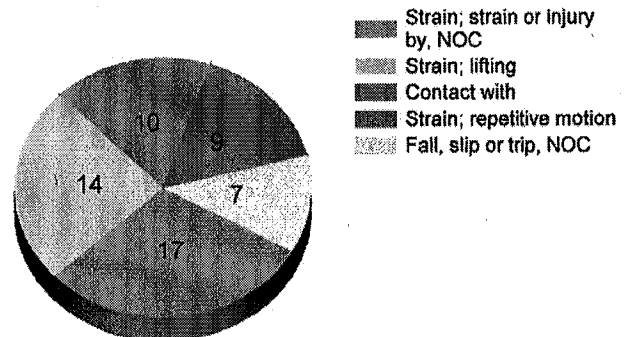
### Top 5 Nature Of Injuries



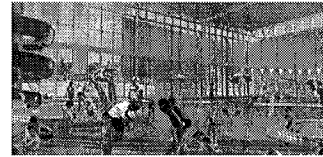
### Top 5 Loss Causes



### Top 5 Agency Of Injuries



# PARKS & RECREATION



*Of note...*

- 4% increase in claims in FY 2013-14 over 3-year average
- \$551 increase in the cost per claim over 3-year average (impacted by FY 2011-12 claim costs as seen Exhibit 27-D)

Office of Parks and Recreation Claims

Exhibit 31-A

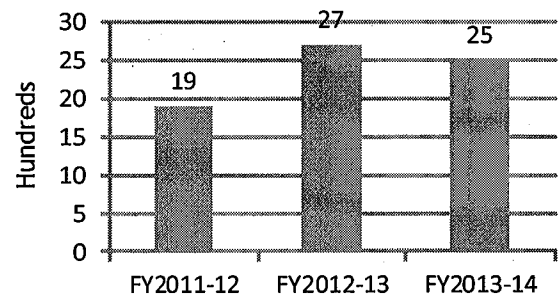
	No. of Claims	% of City	Cost of Claims	% of City	Average Cost Per Claim
<b>FY 2013-14</b>	25	3.9%	\$60,738	1.12%	\$2,430
<b>3-Year Average</b>	24	3.9%	\$45,112	0.67%	\$1,879

*Of note...*

- Fewer Claims in OPR than last year
- Similar Cost of Claims to last year

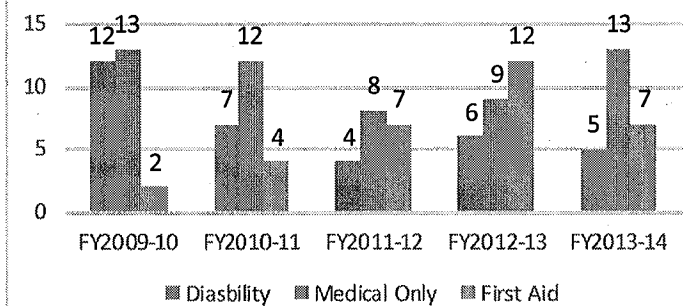
Number of OPR Claims  
(Three Year History)

Exhibit 31-B



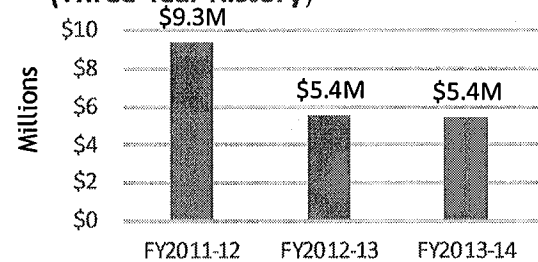
Number of OPR Claims by Type  
Five-Year Trend Analysis

Exhibit 31-C



Cost of OPR Claims  
(Three-Year History)

Exhibit 31-D



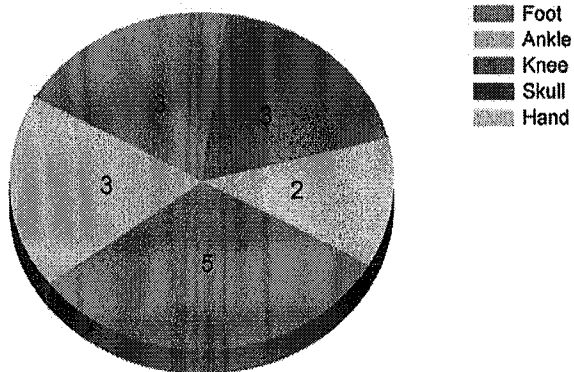
*Of note...*

- OPR incurred foot injuries most often in FY 2013-14
- Strains were the most frequent injury in OPW in FY 2013-14
- Injuries with the ground were the most frequent cause of loss in FY 2013-14

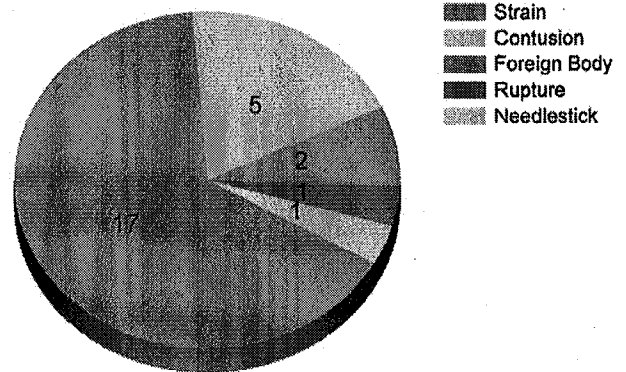
OPR INJURY TYPES FY 2013-14

Exhibit 32-A

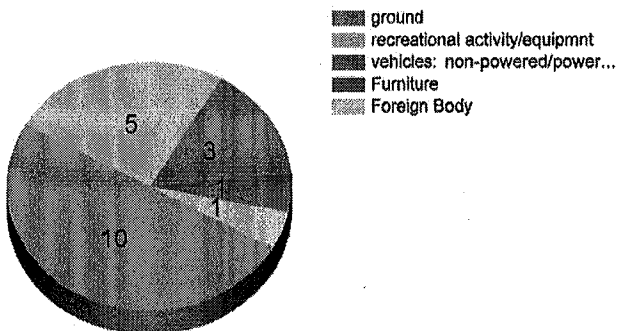
Top 5 Body Parts



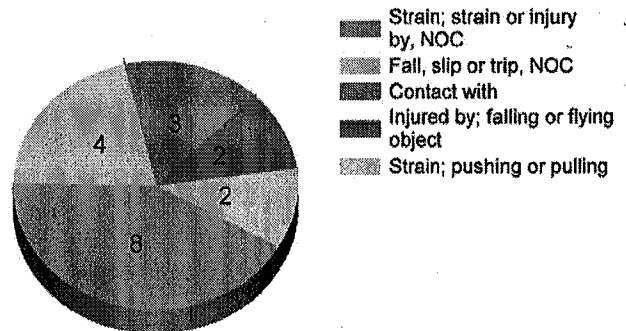
Top 5 Nature Of Injuries



Top 5 Loss Causes



Top 5 Agency Of Injuries





# A LL OTHER DEPARTMENTS



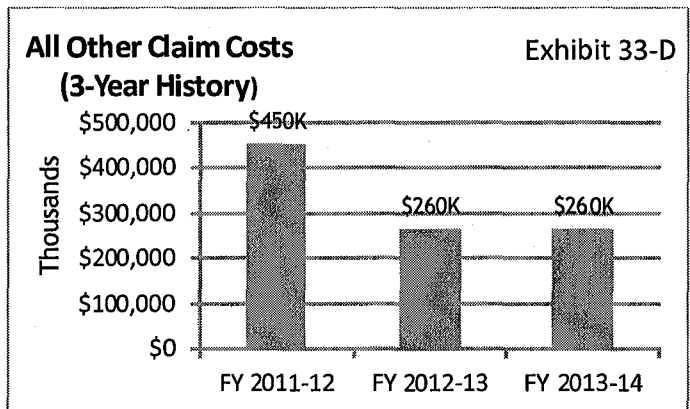
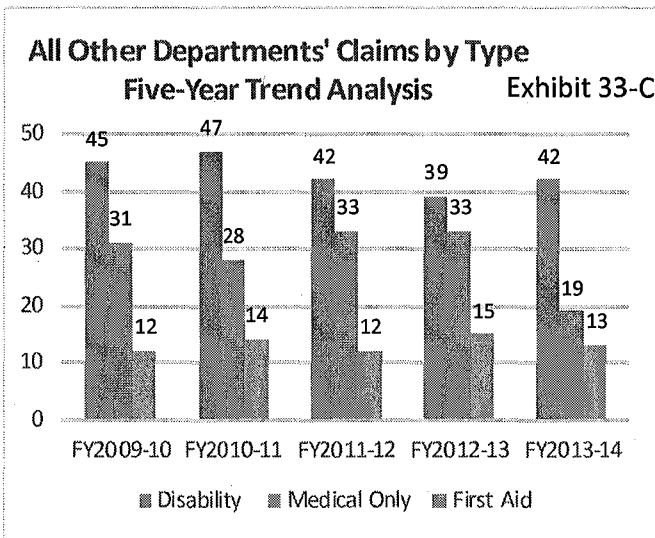
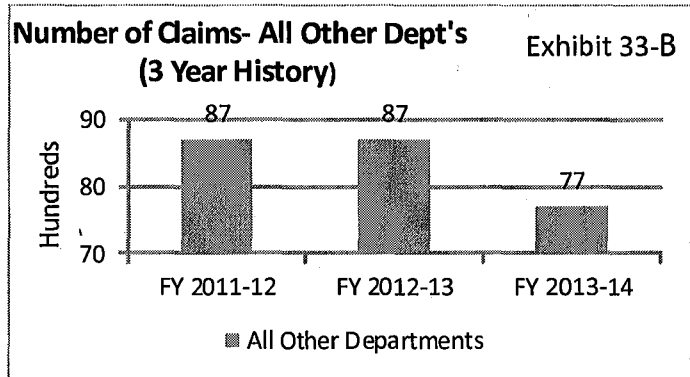
*Of note...*

- 7% fewer claims than averaged over the last 3 years
- \$464 less Cost per Claim than averaged over the last 3 years

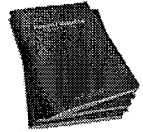
	# of Claims	% of City	Cost of Claims	% of City	Average Cost per Claim
FY 2013-14	77	12.0%	\$261,259	5%	\$3,393
3-Year Average	84	13.6%	\$323,961	5%	\$3,857

*Of note...*

- 3-year low for claim frequency
- Similar Cost of Claims to last year



# A PPENDICES



## SCHEDULE OF EXHIBITS

<b>Appendix A</b>	<b>Key Terms</b>
<b>Appendix B</b>	<b>Workers' Compensation Expenditure Report</b> (FY 2009-10 through FY 2013-14)
<b>Appendix C</b>	<b>Workers' Compensation Third Party Administration Claims Audit, Final Report</b> <i>(Bickmore Risk Services and Consulting, January 16, 2015, Pages 1-12. The Assessment Summation Charts and Worksheets are excluded due to the volume of the</i>
<b>Appendix D</b>	<b>Response from TPA Regarding Annual Claims Audit 2014</b> <i>(Letter from JT2 Integrated Resources to Deb Grant, Risk Manager, dated March 16, 2015)</i>
<b>Appendix E</b>	<b>Actuarial Review of the Self-Insured Workers' Compensation Program</b> <i>(AON Risk Solutions, June 30, 2014, Pages 1-45.)</i>
<b>Appendix F</b>	<b>Fraud Audit</b> <i>(Letter from CSAC Excess Insurance Authority, dated July 1, 2014)</i>

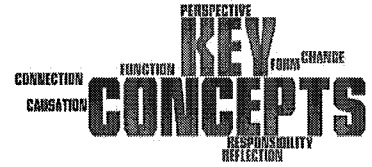
# A PPENDICES



## Appendix A

### Key Terms

# KEY TERMS



The following section provides information about the Workers' Compensation Program expenditures for Fiscal Year 2013-14, as defined in the table below.

## Permanent Disability Settlements:

- Settlements paid when an injury results in a permanent disability

## Temporary Disability:

- Non-Sworn Salary Supplement: City Payments at the employee's full rate of pay made in the first 60-90 days when an injured workers are unable to perform work of any kind
- Temporary Disability: State-mandated payments made when injured workers are unable to perform work of any kind
- Sworn Salary Supplement/4850: State-mandated payments at the employee's full rate of pay for up to 1-year when an injured worker is unable to perform work of any kind

## Allocated:

### (Other Claim Costs)

- Rehabilitation
- Investigation Expenses
- Legal
- Utilization Review
- Return to Work Services
- 24hr Injury Report Line
- 10% Penalties

## Medical:

- This includes all medical expenses related to treatment of the injury, including diagnostics, physical therapy, durable medical equipment, prescriptions and surgery, and in/out hospital patient care.

## Administrative:

- This includes costs associated with administration of the Workers' Compensation Program.



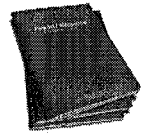


## Appendix B

### Workers' Compensation Expenditures Report

# A

## PPENDICES



<u>Expenditures By Year</u>	2009-10	2010-11	2011-12	2012-13	2013-14	% Change Since FY09-10
<b>Settlements:</b>						
Permanent Disability	\$5,036,106	\$4,939,738	\$6,673,128	\$4,357,102	\$4,838,242	-3.9%
<b>Temporary Disability Non-4850</b>						
Temporary Disability	\$ 1,371,942	\$ 1,750,927	\$ 1,472,842	\$ 1,808,078	\$ 1,346,545	
MOU Benefit—non-sworn	\$ 526,605	\$ 626,094	\$ 343,426	\$ 420,965	\$ 409,312	
<b>Total Non-4850 Pay</b>	<b>\$ 1,898,547</b>	<b>\$ 2,377,022</b>	<b>\$ 1,816,268</b>	<b>\$ 2,229,043</b>	<b>\$ 1,755,857</b>	<b>-7.5%</b>
<b>4850</b>						
Sworn—OPD—4850 Pay	\$ 2,654,322	\$ 5,038,423	\$ 3,162,991	\$ 4,123,621	\$ 2,533,225	
Sworn—OFD—4850 Pay	\$ 3,104,530	\$ 2,672,983	\$ 1,947,291	\$ 2,356,639	\$ 1,425,723	
<b>Total 4850 Pay</b>	<b>\$ 5,758,852</b>	<b>\$ 7,711,406</b>	<b>\$ 5,110,282</b>	<b>\$ 6,480,260</b>	<b>\$ 3,958,948</b>	<b>-31.3%</b>
<b>Subtotal—Temp. Disability</b>	<b>\$ 7,657,399</b>	<b>\$ 10,088,428</b>	<b>\$ 6,926,550</b>	<b>\$ 8,709,303</b>	<b>\$ 5,714,805</b>	<b>-25.4%</b>
<b>Total Temp. Disability</b>	<b>\$ 12,693,505</b>	<b>\$ 15,028,166</b>	<b>\$13,599,678</b>	<b>\$ 13,066,405</b>	<b>\$10,553,047</b>	<b>-16.9%</b>
<b>Allocated: (Other Claim Costs)</b>						
Rehabilitation	\$ 23,955	\$ 34,391	\$ 30,272	\$ 47,465	\$ 55,365	
Investigation Expenses	\$ 403,961	\$ 468,595	\$ 443,173	\$ 392,331	\$ 174,998	
Legal	\$ 1,180,255	\$ 953,583	\$ 942,854	\$ 971,049	\$ 1,226,711	
Utilization Review				\$ 238,501	\$ 321,099	
Return to Work Services				\$ 85,637	\$ 55,235	
24hr Injury Report Line				\$ 39,130	\$ 44,100	
10% Penalties - (JT2 & non JT2)	\$ 7,864	\$ 8,568	\$ 7,468	\$ 5,416	\$ 4,574	
<b>Subtotal—Allocated</b>	<b>\$ 1,616,035</b>	<b>\$ 1,465,137</b>	<b>\$ 1,423,767</b>	<b>\$ 1,779,529</b>	<b>\$ 1,982,082</b>	<b>2.3%</b>
<b>Medical</b>						
WC Disability Medical	\$ 6,337,731	\$ 6,374,390	\$ 6,788,446	\$ 6,267,304	\$ 6,542,036	
First Aid Only Claims	\$ 8,614	\$ 19,478	\$ 20,487	\$ 20,091	\$ 29,561	
<b>Total Medical:</b>	<b>\$ 6,346,345</b>	<b>\$ 6,393,868</b>	<b>\$ 6,808,933</b>	<b>\$ 6,287,395</b>	<b>\$ 6,571,597</b>	<b>3.6%</b>
<b>Operational Expenses</b>	<b>\$ 20,655,885</b>	<b>\$ 22,887,171</b>	<b>\$ 21,832,378</b>	<b>\$ 21,133,330</b>	<b>\$ 19,106,726</b>	<b>-7.5%</b>
Third Party Recovery— Refunded to City	\$ (821,953)	\$ (340,184)	\$ (2,411,517)	\$ (645,676)	\$ (101,858)	
<b>Total Operational Expenses</b>	<b>\$ 19,833,932</b>	<b>\$22,546,987</b>	<b>\$19,420,861</b>	<b>\$ 20,487,654</b>	<b>\$19,004,868</b>	<b>-4.2%</b>
<b>Admin. Expenses</b>						
TPA Contract	\$ 2,112,868	\$ 2,162,655	\$ 2,162,655	\$ 2,162,642	\$ 2,126,962	
Bill Review Expense	\$ 582,384	\$ 582,384	\$ 582,384	\$ 582,384	\$ 593,456	
Misc. Admin. Fee (Storage)					\$ 17,739	
<b>Subtotal—Admin. Expenses</b>	<b>\$ 2,695,252</b>	<b>\$ 2,745,039</b>	<b>\$ 2,745,039</b>	<b>\$ 2,745,036</b>	<b>\$ 2,738,157</b>	<b>1.6%</b>
<b>Total Workers' Compensation Expense</b>	<b>\$22,529,184</b>	<b>\$25,292,026</b>	<b>\$22,165,900</b>	<b>\$23,232,690</b>	<b>\$21,743,025</b>	<b>-3.5%</b>

# A PPENDICES



## Appendix C

Workers' Compensation

TPA Audit of Claims









# Bickmore

Workers' Compensation Performance Audit 2014

City of Oakland

January 16, 2015



# Bickmore

January 16, 2015

Ms. Deborah Grant  
Risk Manager  
City of Oakland  
One Frank H. Ogawa Plaza  
Oakland, CA 94612

Re: JT<sup>2</sup> Integrated Resources  
Workers' Compensation Performance Audit and Contract Analysis 2014 – Amended

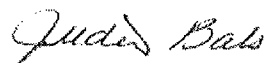
Dear Ms. Grant:

Enclosed is our amended final report for the Workers' Compensation Performance Audit of JT<sup>2</sup> Integrated Resources' (JT<sup>2</sup>) work as the City of Oakland's (City) third party administrator. The Performance Audit was completed October 27, 2014, with a draft report provided to JT<sup>2</sup> and the City, providing JT<sup>2</sup> with an opportunity to clarify any audit findings prior to issuance of the final report. The amendment references Category 2 -Five Day Decision. At your request, we have revised this category to measure compliance against the 14 day initial decision timeline specified in Regulation 9812.

All clarifications and additional information provided by JT<sup>2</sup> have been considered in the final audit scores.

An electronic copy of this audit report is provided at this time. If you have any question or concerns, please feel free to contact me at (916) 244-1155.

Sincerely,



Judith Bals, WCCP  
Director, Workers' Compensation Services

## Table of Contents

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C.	Recommendations.....	5
III.	2012 Third Party Administration Audit Results.....	7
A.	Performance Standard Rating 2014 .....	7

### Appendices

- A. Weighted Formula
- B. Summary Spreadsheet
- C. Individual Performance Standards Contract Compliance



## **I. Executive Summary**

At the request of the City of Oakland (City), Bickmore performed a Workers' Compensation Performance Audit of the contracted third party administrator, JT<sup>2</sup> Integrated Resources (JT<sup>2</sup>), based on compliance with the specific categories identified by the City.

### **A. Work Plan and Methodology**

To implement the audit process, Bickmore was provided with a loss run from which 150 files were randomly selected. The scope of the audit was to assess claims handling activity between September 1, 2013, and August 31, 2014. Files with work product outside of this range have been excluded from the calculations.

A benchmark target of 85% for minimal compliance has been established and all claims were audited against this standard.

The online audit was conducted by Ms. Jacquelyn Miller of Bickmore, the results of which were used for the compilation of the audit and report. Management staff of JT<sup>2</sup> was provided with preliminary observations prior to the data analysis at the conclusion of the audit. JT<sup>2</sup> was also provided the opportunity to respond to the findings with additional information and/or clarification.

All files selected were available in electronic format and reviewed online, as JT<sup>2</sup> converted their claims administration for the City's program to an electronic claim file format in October 2010. The comments and recommendations that follow apply only to the workers' compensation claims management processes.

### **B. Observations and Findings**

This audit was conducted to determine if JT<sup>2</sup> has met the performance standards established by the City and achieved a rating of 85% in each category, as well as maintaining a 100% closing ratio. It is noted the current contract for service with JT<sup>2</sup> no longer includes a performance incentive; nor does it outline specific performance standards. The prior audit reports contracted by the City in 2007, 2008, 2010, and 2012 were reviewed for comparison purposes. A weighted formula was created for this audit based upon the performance standards specific to the City. Category 2 was amended to reflect compliance with Regulation 9812, decision within 14 days of knowledge.

Based on the audit results, not all categories achieved a rating of 85%. Bickmore staff assessed an overall amended final rating of 73%.



Performance Standard areas rating at or above 85% were noted as:

- Category One – 48 Hour Set-Up;
- Category Two – 5 Day Decision (Amended to 14 days);
- Category Three – Physical Therapy Management;
- Category Four – Transitional Work;
- Category Eleven – Managed Care & Early Intervention;
- Category Thirteen – Administrative Reports; and
- Category Fourteen – Appropriate Identification of Medical Only vs Indemnity.

Performance Standard areas rating below 85% were noted as:

- Category Five – Reserve Adequacy;
- Category Six – Timely/Accurate Payments;
- Category Seven – Subrogation Management;
- Category Eight – Database Integrity;
- Category Nine – Coordination with Contract Monitor;
- Category Ten – Litigation Management; and
- Category Twelve – Supervision.

Our opinion is limited to the files reviewed in the audit process. Any future audit on the City's program may yield a different result in the score, as the score system is predicated on the actual files reviewed.

Overall, the audit results reflect a decline in many of the categories identified by the City as critical services for the success of the workers' compensation program. This decline appears to be directly related to the extensive turnover experienced by the Oakland office of JT<sup>2</sup> over the past two years.

A lack of documentation of internal job responsibilities was noted, involving both the manager and Early Intervention/Transitional Work Specialist positions. Additionally, interviews conducted during the audit supported the turnover issue with comments such as "This is the first time we have been fully staffed in some time." It should be noted the current manager, Mary Baptiste, has recognized the lack of documentation and has put forth a great deal of effort to correct this situation.

Concerns regarding Database Integrity, which are addressed in the General Comments and Observations section of this report, continue from the prior audit in 2012. Staffing in the last year, with an average of two successive adjusters per file, was recognized. Files requiring more technical expertise are transitioned to the Technical Specialist Unit (TSU) at 120 days.

While the change in adjusters is supported by the transitioning of files to more experienced adjusters as the files age and become more complicated with higher levels of financial exposure, the change in adjusters is also a result of staffing turnover at the adjuster level.

The closing report provided by JT<sup>2</sup> demonstrates a closing ratio of 103.75%. The City's performance expectation for the Closing Ratio is 100%.

In conclusion, the overall work product of JT<sup>2</sup> on the City's program results in an amended rating of 73%.



## II. Performance Standard Review

### A. History

JT<sup>2</sup> has provided Third Party Administration (TPA) services to the City since August 2001. The annual performance standard audit is conducted by an independent third party to evaluate the work of JT<sup>2</sup> and their success on the City's program. In prior audits, a rating of 85% or higher had been established in order to qualify for receipt of retained contract funds. The current contract with JT<sup>2</sup> no longer contains this retained contract fund arrangement; however, a target goal of 85% compliance remains appropriate for the annual audit.

The audits conducted by Bickmore in 2007, 2008, 2010, and 2012 demonstrated overall ratings of 91%, 89%, 91%, and 87%, respectively. These audits will be used as a comparison against current audit results.

### B. General Comments And Observations

The following are our general comments and observations regarding the audit.

- Return to Work (RTW)/Transitional Duty services involving Bridge Assignments has been in place since May 2011 with Norm Peterson and Associates (NPA). The service provided remains very effective and positively impacts the claims overall and individually. However, as stated above, there is some confusion regarding the duties and responsibilities of the JT<sup>2</sup> Early Intervention/Transitional Duty Specialist.

The former Early Intervention Transitional Duty Specialist also provided a "second set of eyes" to the claims administration staff, recognizing issues which may impact benefit administration beyond simply transitional duty, and this is not encouraged with the current staff. The staff currently in place may be duplicating efforts of the NPA staff. Clarification of job duties and identification of potential duplication of services is required.

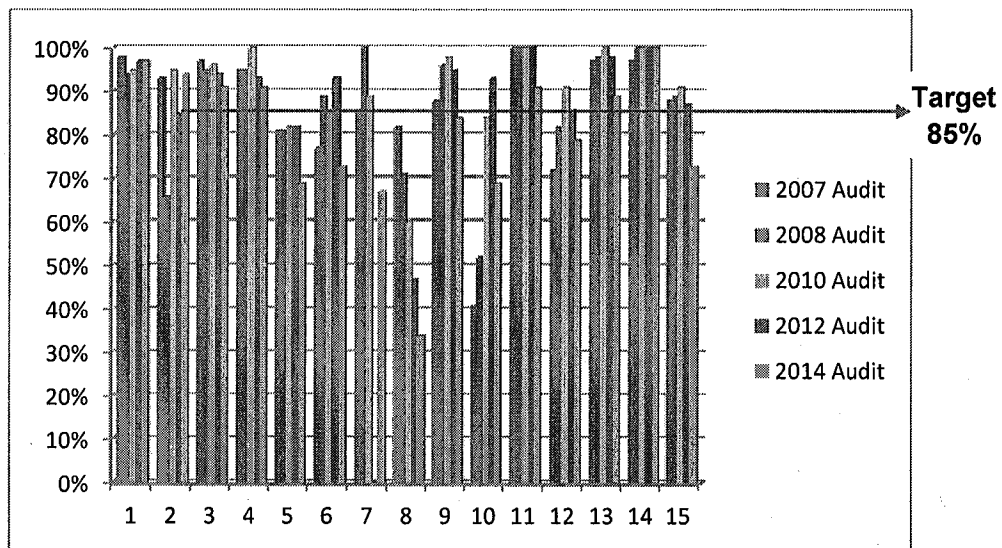
- Only three files selected were applicable to the category of Subrogation Management. This category rated at 67%, with one file failing to timely pursue or recognize subrogation until the supervisor noted it when the examiner tried to close the file.
- Category 8, Database Integrity, references multiple instances of inaccurate, insufficient, or misplaced file documentation with the primary failures related to Return to Work/Temporary Disability, incorrectly titled documents, reserves, and payments. It is noted this category continues to decline with each audit, as demonstrated by the ratings from 2007 to 2014 (82%, 71%, 60%, 47%, and 34%, respectively).





- The following is a comparison of the performance standards by category from the 2007 through 2014 Audits. The graph below indicates improvement noted in Category Seven (Subrogation Management), with continued improvement needed in Category Five (Reserve Adequacy), Six (Timely/Accurate Payments), Eight (Database Integrity), Nine (Coordination with Contract Monitor), Ten (Litigation Management), and Category Twelve (Supervision). It is recommended each Category be evaluated for opportunities for improvement.

**Graph 1**  
**JT2 Audit Comparison**  
**2007 - 2014**



**C. Recommendations**

Bickmore submits the following recommendations or comments to the City regarding the workers' compensation program as it relates to the Performance Audit.

- The JT<sup>2</sup> staff does not focus on the 5 Day Decision documentation previously required, and instead, focused on the Regulation requirement of the initial decision within 14 days. The 5 Day Decision timeline allows the initial plan of action to be a focus from the outset of the claim. It is recommended that if the requirement is to remain in place, it be reviewed with all current staff, as well as any new employees assigned to the City's program.
- While the Early Intervention/Transitional Duty program continues to meet the program requirements at 91% compliance, it is recognized that a change in staff at the Transitional Duty position at JT<sup>2</sup> in the last few months has resulted in some

confusion regarding job duties of the JT<sup>2</sup> staff versus that of the service provided by Norm Peterson and Associates. The lack of guidance for this position may result in a decline in the effectiveness of the program. This issue was discussed with JT<sup>2</sup> and management staff has indicated they are addressing the issue.

- California Regulation 15300(b) states in Estimating and Reporting Work Injuries:

*"The administrator shall set a realistic estimate of future liability for each indemnity claim listed on the self insurer's annual report based on computations which reflect the probable total future cost of compensation and medical benefits due or that can reasonably be expected to be due over the life of the claim."*

Detailed file documentation and analysis supporting the cost estimate on each file is critical to achieving accurate reserving. Forty files (69% of applicable files) are noted to require reserve changes or analysis as identified in Category Five. Of special note and an area of needed improvement, companion claims must be documented to support the exposure specific to each case.

- Timely establishment of accurate reserves is key to identifying the actual exposure for each claim and ultimately the program overall. Several claims were noted in which the adjuster commented reserves would be adjusted "once the claim was ready to settle," or "once the approved surgery was scheduled." Regulation 15300(b)(7)(g) states "The administrator shall adjust the estimate immediately upon receipt of medical reports, orders of the Appeals Board, or other relevant information that affects the valuation of the claim. Each estimate shall be reviewed no less than annually." Timely reserve review and adjustment is a requirement that should be reviewed with the staff and remain a continued focus.

As many of the cases involve reopening and re-establishing reserve exposure, as well as transitioning reserves from master files to companion files, the financial impact cannot be determined in this review.



### III. 2012 Third Party Administration Audit Results

#### A. Performance Standard Rating 2014

This section applies current performance standard ratings against those identified in the 2012 audit report.

***Performance Standard One – Rating 97% (Standard Achieved)***

*The TPA entered the new claim into the system within two days.*

This category rated 97% in the last audit, no change for the current review period. 64 of 66 files applicable met this standard.

***Performance Standard Two – Rating 94% (Standard Achieved)***

*The TPA assessed a liability decision within five days. This Category has been amended to reflect the 14 day timeline in Regulation 9812.*

This category rated at 85% in the last audit, demonstrating an overall increase using the amended criteria of 94% for the current review period. 63 of 67 files applicable met this standard.

***Performance Standard Three – Rating 91% (Standard Achieved)***

*The TPA appropriately managed physical therapy treatment requests.*

This category rated at 94% in the last audit, demonstrating an overall decrease of 3% for the current review period. 50 of 55 files applicable met this standard.

***Performance Standard Four – Rating 91% (Standard Achieved)***

*The TPA positively influenced the return to work process and considered transitional duty.*

This category rated at 93% in the last audit, demonstrating an overall decrease of 2% for the current review period. 62 of 68 files applicable met this standard.

***Performance Standard Five – Rating 69% (Standard Not Achieved)***

*The TPA has established timely and adequate reserves on the claim.*

This category rated at 82% in the last audit, demonstrating an overall decrease of 13% for the current review period. 87 of 127 files applicable met this standard. Detailed information on reserve recommendations is provided in the individual worksheets.

***Performance Standard Six – Rating 73% (Standard Not Achieved)***

*The TPA made timely and accurate payments in the file.*

This category rated at 93% in the last audit demonstrating an overall decrease of 20% for the current review period. 85 of 116 files applicable met this standard.



**Performance Standard Seven – Rating 67% (Standard Not Achieved)**

*The TPA actively pursued subrogation or third party recovery.*

This category rated at 0% in the last audit demonstrating an overall increase of 67%% for this review period. 2 of 3 applicable files met this standard. This is a statistically insignificant number of files reviewed and may not be an accurate measure of performance.

**Performance Standard Eight – Rating 34% (Standard Not Achieved)**

*The TPA updated the claim file timely and with appropriate data.*

This category rated at 47% in the last audit demonstrating an overall decrease of 13% for the current review period. 43 of 128 files applicable met this standard. Details regarding this category are provided in the individual worksheets as well as noted in the General Comments and Observations section of this report.

**Performance Standard Nine – Rating 84% (Standard Not Achieved)**

*Ongoing communication with Contract Monitor is evident in the claim.*

This category rated at 95% in the last audit demonstrating an overall decrease of 11% for the current audit period. 54 of 64 files applicable met this standard.

**Performance Standard Ten – Rating 69% (Standard Not Achieved)**

*The claim meets the litigation management standard.*

This category rated at 93% in the last audit demonstrating an overall decrease of 24% for the current audit period. 31 of 45 files applicable met this standard.

**Performance Standard Eleven – Rating 91% (Standard Achieved)**

*The TPA utilized early intervention and managed care resources appropriately.*

This category rated at 100% in the last audit and demonstrating a decrease of 9% for the current audit period. 60 of 66 files applicable met this standard.

**Performance Standard Twelve – Rating 79% (Standard Not Achieved)**

*Supervisory review is evident and demonstrates appropriate coaching to the examiner.*

This category rated at 86% in the last audit demonstrating an overall decrease of 7% for the current audit period. 95 of 121 files applicable met this standard.

**Performance Standard Thirteen – Rating 89% (Standard Achieved)**

*The TPA generated administrative reports to standard.*

This category rated at 98% in the last audit demonstrating an overall decrease of 9% for the current audit period. 50 of 56 files applicable met this standard.

**Performance Standard Fourteen – Rating 100% (Standard Achieved)**

*The TPA has classified the claim for appropriate claim type (medical only v indemnity).*

This category rated at 100% in the last audit demonstrating continued success in this area. 127 of 127 files applicable met this standard.

**Performance Standard Fifteen – Rating 73% (Standard Not Achieved)**

*Overall claim administration by the TPA meets standard.*

This category rated at 87% in the last audit demonstrating an overall decrease of 14% for the current audit period. 93 of 128 files applicable met this standard.

**APPENDIX A**

**Weighted Formula**



This section assigned a weighted formula to each performance standard ranging from a point value of one to five based upon both the importance to the city's program, as well as the importance to accurate claims administration.

***Performance Standard One – Point Value Two***

The TPA entered the new claim into the system within two days.

***Performance Standard Two – Point Value Three***

The TPA assessed a liability decision within five days. This Category was amended to reflect the 14 day compliance with Regulation 9812.

***Performance Standard Three – Point Value Four***

The TPA appropriately managed physical therapy treatment requests.

***Performance Standard Four – Point Value Five***

The TPA positively influenced the return to work process and considered transitional duty.

***Performance Standard Five – Point Value Five***

The TPA has established timely and adequate reserves on the file.

***Performance Standard Six – Point Value Five***

The TPA made timely and accurately payments in the file.

***Performance Standard Seven – Point Value Three***

The TPA actively pursued subrogation or third party recovery.

***Performance Standard Eight – Point Value Two***

The TPA updated the claim file timely and with appropriate data.

***Performance Standard Nine – Point Value Four***

Ongoing communication with Contract Monitor is evident in the file.

***Performance Standard Ten – Point Value Three***

The file meets the litigation management standard.

***Performance Standard Eleven – Point Value Two***

The TPA utilized early intervention and managed care resources appropriately.

***Performance Standard Twelve – Point Value Three***

Supervisory review is evident and demonstrates appropriate coaching to the examiner.

***Performance Standard Thirteen – Point Value Three***

The TPA generated administrative reports to standard.

***Performance Standard Fourteen – Point Value Two***

The TPA has classified the claim for appropriate claim type (medical only vs. indemnity).

***Performance Standard Fifteen – Point Value Rating of 70% or better***

Overall claim administration by the TPA meets standard. This category calculated the compliance ratings on the above 14 categories for an overall rating.





# **Appendix B**

## **Summary Spreadsheet**





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CLAIMS DATA										
Audit Subject #	CLAIM NUMBER	DOI	DOK	Date Rec'd	Lag1	Date Opened	Lag2	CLAIM TYPE	Open Status	Examiner Count
1	130100001	1/2/2013	01/02/13	01/04/13	NA	01/04/13	NA	FA	CL	NA
2	140300186	3/29/2014	04/03/14	04/04/14	1	04/04/14	0	FA	CL	1
3	130300094	3/22/2013	03/22/13	03/25/13	NA	03/25/13	NA	IND	OP	3
4	121100093	11/27/2012	11/27/12	11/27/12	NA	11/28/12	NA	IND	OP	3
5	130900028	9/6/2013	09/06/13	09/11/13	5	09/11/13	0	MO	CL	2
6	130600107	6/19/2013	06/19/13	06/21/13	NA	06/21/13	NA	MO	CL	NA
7	130400096	4/13/2013	04/13/13	04/19/13	NA	04/19/13	NA	MO	CL	NA
8	140700012	7/7/2014	07/07/14	07/07/14	0	07/07/14	0	MO	OP	1
9	130500165	5/18/2013	05/18/13	05/31/13	NA	05/31/13	NA	MO	CL	NA
10	140300141	3/27/2014	03/27/14	03/28/14	1	03/28/14	0	MO	RO	2
11	130500025	5/8/2013	05/08/13	05/09/13	NA	05/09/13	0	MO	CL	NA
12	140500099	5/16/2014	05/16/14	05/19/14	3	05/19/14	0	MO	CL	1
13	131200044	12/10/2013	12/10/13	12/10/13	0	12/13/13	3	MO	CL	1
14	130200148	2/27/2013	02/27/13	03/08/13	NA	03/08/13	NA	MO	CL	NA
15	121200175	12/17/2012	09/04/13	09/04/13	0	05/15/14	253	IND	OP	1
16	130200181	2/26/2013	07/31/14	08/01/14	1	08/01/14	0	IND	OP	1
17	130700178	7/1/2013	07/01/13	10/01/13	92	10/01/13	0	IND	OP	3
18	121100080	1/20/2012	11/20/12	11/26/12	NA	11/26/12	NA	IND	CL	2
19	130700161	7/26/2012	07/26/13	08/14/13	NA	08/14/13	NA	IND	CL	2
20	131200132	12/20/2013	12/20/13	12/30/13	10	12/30/13	0	IND	RO	2
21	121100034	11/13/2012	11/13/12	11/14/12	NA	11/14/12	NA	IND	CL	2
22	131100017	11/5/2013	11/05/13	11/08/13	3	11/08/13	0	IND	OP	3
23	121100050	11/15/2012	11/15/12	11/16/12	NA	11/16/12	NA	IND	CL	NA
24	130600102	6/18/2013	06/18/13	06/21/13	NA	06/21/13	NA	IND	OP	3
25	140300178	3/26/2014	04/02/14	04/03/14	1	04/03/14	0	IND	OP	2
26	130900015	9/7/2013	09/07/13	09/09/13	2	09/09/13	0	IND	CL	2
27	130800162	8/3/2013	08/03/13	09/04/13	32	09/05/13	1	IND	OP	4
28	130700148	7/29/2013	07/29/13	08/05/13	NA	08/05/13	NA	IND	CL	3
29	131100100	11/24/2013	11/24/13	11/26/13	2	11/26/13	0	IND	CL	2
30	130900038	9/10/2013	09/10/13	09/12/13	2	09/12/13	0	IND	OP	2
31	130700129	7/29/2013	07/29/13	07/30/13	NA	07/30/13	NA	IND	CL	4
32	121000011	10/2/2012	10/02/12	10/05/12	NA	10/05/12	NA	IND	CL	NA
33	140200003	2/3/2014	02/03/14	02/05/14	2	02/05/14	0	IND	RO	3
34	140400076	4/7/2014	04/08/14	04/18/14	10	04/18/14	0	IND	OP	2
35	130700037	7/11/2013	07/11/13	07/15/13	NA	07/15/13	NA	IND	OP	5
36	130800165	8/28/2013	08/28/13	09/05/13	8	09/05/13	0	IND	OP	3
37	130700170	7/1/2013	08/19/13	08/27/13	NA	08/27/13	NA	IND	OP	2
38	130800130	8/28/2013	08/28/13	08/29/13	NA	08/29/13	NA	IND	CL	1
39	121200118	12/22/2012	12/22/12	01/02/13	NA	01/02/13	NA	IND	CL	NA
40	121600060	12/13/2012	12/13/12	12/18/12	NA	12/18/12	NA	IND	CL	NA
41	140400152	4/18/2014	04/18/14	05/01/14	13	05/01/14	0	IND	OP	2
42	131000183	10/23/2013	10/23/13	11/01/13	9	11/01/13	0	IND	OP	2
43	130700060	7/17/2013	07/17/13	07/19/13	NA	07/19/13	NA	IND	OP	3
44	121200079	12/19/2012	12/19/12	12/20/12	NA	12/20/12	NA	IND	OP	2
45	130400163	4/24/2013	04/24/13	04/26/13	NA	04/26/13	NA	IND	OP	3
46	130200006	2/4/2013	02/05/13	02/06/13	NA	02/06/13	NA	IND	CL	NA
47	121200141	12/27/2012	12/27/12	01/09/13	NA	01/09/13	NA	IND	CL	NA
48	140300046	3/12/2014	03/12/14	03/14/14	2	03/14/14	0	IND	OP	2

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CLAIMS DATA										
Audit Subject #	CLAIM NUMBER	DOI	DOK	Date Rec'd	Lag1	Date Opened	Lag2	CLAIM TYPE	Open Status	Examiner Count
49	131200109	12/19/2013	12/19/13	12/23/13	4	12/23/13	0	IND	OP	2
50	140600033	6/5/2014	06/05/14	06/10/14	5	06/10/14	0	IND	OP	2
51	131000022	10/5/2013	10/05/13	10/08/13	3	10/08/13	0	IND	OP	2
52	120900167	9/28/2012	09/28/12	10/03/12	NA	10/03/12	NA	IND	CL	NA
53	130100019	1/10/2013	01/10/13	01/11/13	NA	01/11/13	NA	IND	CL	NA
54	130700014	7/4/2013	07/04/13	07/09/13	NA	07/09/13	NA	IND	CL	1
55	140500102	5/9/2014	05/09/14	05/20/14	11	05/20/14	0	IND	OP	2
56	130300139	3/27/2013	03/27/13	04/03/13	NA	04/03/13	NA	IND	CL	NA
57	130500099	5/20/2013	05/20/13	05/21/13	NA	05/21/13	NA	IND	OP	3
58	140200024	2/8/2014	02/08/14	02/10/14	2	02/10/14	0	IND	OP	3
59	120900042	9/11/2012	09/11/12	09/13/12	NA	09/13/12	NA	IND	OP	2
60	130400191	4/30/2013	04/30/13	05/01/13	NA	05/01/13	NA	IND	OP	2
61	140100060	1/15/2014	01/15/14	01/17/14	2	01/17/14	0	IND	CL	1
62	131100019	11/5/2013	11/05/13	11/08/13	3	11/08/13	0	IND	OP	3
63	121100033	11/13/2012	11/13/12	11/14/12	NA	11/14/12	NA	IND	CL	NA
64	140300042	3/12/2014	03/12/14	03/13/14	1	03/13/14	0	IND	OP	2
65	130600060	6/13/2013	06/13/13	06/14/13	NA	06/14/13	NA	IND	RO	3
66	121200106	12/22/2012	12/27/12	12/27/12	NA	12/27/12	NA	IND	CL	1
67	121000156	10/27/2012	10/27/12	10/30/12	NA	10/30/12	NA	IND	OP	2
68	121100024	11/3/2012	11/03/12	11/09/12	NA	11/09/12	NA	IND	CL	NA
69	140500179	5/31/2014	05/31/14	06/02/14	2	06/02/14	0	IND	CL	1
70	130500060	5/10/2013	05/10/13	05/15/13	NA	05/15/13	NA	IND	CL	3
71	140200088	2/24/2014	02/24/14	02/25/14	1	02/25/14	0	IND	OP	3
72	130200055	2/6/2013	02/14/13	02/20/13	NA	02/20/13	NA	IND	OP	3
73	121200136	12/27/2012	12/27/12	01/07/13	NA	01/07/13	NA	IND	CL	1
74	130100083	1/21/2013	01/21/13	01/24/13	NA	01/24/13	NA	IND	CL	1
75	12100038	10/9/2012	10/09/12	10/10/12	NA	10/10/12	NA	IND	RO	1
76	130100192	10/30/2013	10/30/13	11/04/13	5	11/04/13	0	IND	CL	2
77	131200179	12/5/2013	12/20/13	03/05/14	75	03/05/14	0	IND	OP	2
78	131000093	10/6/2013	10/06/13	10/17/13	11	10/17/13	0	IND	OP	2
79	130800079	8/4/2013	08/04/13	08/20/13	16	08/20/13	0	IND	CL	3
80	130400135	4/23/2013	04/24/13	04/24/13	NA	04/24/13	NA	IND	CL	1
81	121000186	10/25/2012	10/25/12	11/05/12	NA	11/05/12	NA	IND	OP	2
82	130800146	8/28/2013	08/29/13	09/03/13	5	09/03/13	0	IND	CL	1
83	130600019	6/5/2013	06/05/13	06/07/13	NA	06/07/13	NA	IND	CL	NA
84	130300034	3/4/2013	03/04/13	03/13/13	NA	03/13/13	NA	IND	OP	2
85	130900008	9/5/2013	09/05/13	09/06/13	1	09/06/13	0	IND	CL	3
86	131000049	10/9/2013	10/09/13	10/10/13	1	10/10/13	0	IND	OP	2
87	121000124	10/7/2012	10/19/12	10/24/12	NA	10/24/12	0	IND	OP	1
88	130300150	3/24/2013	03/25/13	04/10/13	NA	04/10/13	NA	IND	OP	2
89	140500004	5/5/2014	05/05/14	05/06/14	1	05/06/14	0	IND	OP	2
90	121000105	10/19/2012	10/19/12	10/22/12	NA	12/22/12	NA	IND	OP	4
91	121000170	10/10/2012	10/10/12	11/01/12	NA	11/01/12	NA	IND	OP	2
92	130400188	4/27/2013	04/27/13	05/01/13	NA	05/01/13	NA	IND	CL	1
93	120900191	9/29/2012	09/29/12	10/11/12	NA	10/11/12	NA	IND	OP	1
94	121100059	11/17/2012	11/17/12	11/19/12	NA	11/19/12	NA	IND	CL	NA
95	130700145	7/17/2013	07/18/13	08/05/13	NA	08/05/13	NA	IND	OP	1
96	14010008	1/21/2014	01/21/14	01/23/14	2	01/23/14	0	O	CL	1

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CLAIMS DATA										
Audit Subject #	CLAIM NUMBER	DOI	DOK	Date Rec'd	Lag1	Date Opened	Lag2	CLAIM TYPE	Open Status	Examiner Count
97	131000195	10/22/2013	10/22/13	11/04/13	13	11/04/13	0	IND	OP	2
98	131000229	10/13/2013	10/22/13	12/06/13	45	12/06/13	0	IND	OP	2
99	130200045	2/11/2013	02/11/13	02/14/13	NA	02/14/13	NA	IND	CL	1
100	120900150	9/26/2012	09/26/12	10/01/12	NA	10/01/12	NA	IND	CL	NA
101	140300074	3/10/2014	03/10/14	03/18/14	8	03/18/14	0	IND	OP	1
102	120500286	5/20/2013	05/20/13	05/21/13	NA	05/21/13	NA	IND	CL	2
103	130700099	7/23/2013	07/23/13	07/25/13	NA	07/25/13	NA	IND	OP	1
104	130300167	3/26/2013	03/29/13	05/08/13	NA	05/08/13	NA	IND	OP	2
105	121000149	10/26/2012	10/26/12	10/29/12	NA	10/29/12	NA	IND	CL	2
106	130100091	1/24/2013	01/24/13	01/25/13	NA	01/25/13	NA	IND	OP	2
107	130700005	7/6/2013	07/06/13	07/08/13	NA	07/08/13	NA	IND	OP	3
108	130200150	2/28/2013	02/28/13	03/11/13	NA	03/11/13	NA	IND	OP	2
109	131200009	12/2/2013	12/02/13	12/06/13	4	12/06/13	0	IND	CL	1
110	140100052	1/14/2014	01/15/14	01/16/14	1	01/16/14	0	IND	RO	2
111	121000126	10/22/2012	10/22/12	10/24/12	NA	10/24/12	NA	IND	CL	1
112	121200054	12/12/2012	12/14/12	12/17/12	NA	12/17/12	NA	IND	OP	3
113	130800041	8/12/2013	08/12/13	08/13/13	1	08/13/13	0	IND	OP	2
114	130800075	8/10/2013	08/16/13	08/20/13	NA	08/20/13	NA	IND	OP	1
115	130600170	6/30/2013	06/30/13	07/03/13	NA	07/03/13	NA	IND	CL	1
116	140400075	4/15/2014	04/15/14	04/18/14	3	04/18/14	0	IND	CL	1
117	140700137	7/31/2014	07/31/14	08/05/14	5	08/05/14	0	IND	OP	1
118	131000244	10/3/2013	10/03/13	04/03/14	182	04/03/14	0	IND	OP	2
119	130400014	4/4/2013	04/04/13	04/05/13	NA	04/05/13	NA	IND	OP	2
120	130900137	9/26/2013	09/26/13	09/27/13	1	09/27/13	0	IND	OP	1
121	130900158	9/20/2013	09/20/13	10/01/13	11	10/01/13	0	IND	OP	1
122	121200094	12/19/2012	12/19/12	12/21/12	NA	12/21/12	NA	IND	OP	1
123	131200173	12/19/2013	12/19/13	02/14/14	57	02/14/14	0	IND	OP	3
124	130900029	9/10/2013	09/10/13	09/11/13	1	09/11/13	0	IND	OP	2
125	130600131	6/20/2013	06/24/13	06/26/13	NA	06/26/13	NA	IND	OP	2
126	130300051	3/13/2013	03/13/13	03/13/13	NA	03/13/13	NA	IND	CL	NA
127	130500052	5/7/2013	05/07/13	05/14/13	NA	05/14/13	NA	IND	OP	2
128	140400186	4/28/2014	04/28/14	05/05/14	7	05/05/14	0	IND	CL	1
129	140200114	2/26/2014	02/26/14	02/27/14	1	02/27/14	0	IND	OP	1
130	121000089	10/12/2012	10/15/12	10/17/12	NA	10/17/12	NA	IND	OP	1
131	140300064	3/10/2014	03/10/14	03/17/14	7	03/17/14	0	IND	OP	2
132	131000094	10/16/2013	10/16/13	10/17/13	1	10/17/13	0	IND	OP	2
133	121000070	10/7/2012	11/07/12	10/15/12	NA	10/15/12	NA	IND	OP	1
134	130900256	9/25/2013	09/25/13	08/06/14	315	08/06/14	0	IND	OP	1
135	140400094	4/16/2014	04/16/14	04/21/14	5	04/21/14	0	IND	OP	2
136	130400207	4/30/2013	04/30/13	05/07/13	NA	05/07/13	NA	IND	OP	2
137	140500016	5/6/2014	05/06/14	05/07/14	1	05/07/14	0	IND	CL	2
138	121000198	10/28/2012	10/28/12	11/14/12	NA	11/14/12	NA	IND	CL	1
139	131200131	12/21/2013	12/21/13	12/30/13	9	12/30/13	0	IND	OP	1
140	130200173	2/7/2013	02/07/13	07/10/13	NA	07/10/13	NA	IND	CL	1
141	130400117	4/22/2013	04/22/13	04/22/13	NA	04/22/13	NA	IND	OP	1
142	140600072	6/16/2014	06/16/14	06/19/14	3	06/19/14	0	IND	OP	1
143	140700122	7/31/2014	07/31/14	07/31/14	0	07/31/14	0	IND	CL	1
144	130400246	4/19/2013	04/19/13	09/13/13	147	09/13/13	0	IND	OP	2

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CLAIMS DATA										
Audit Subject #	CLAIM NUMBER	DOI	DOK	Date Rec'd	Lag1	Date Opened	Lag2	CLAIM TYPE	Open Status	Examiner Count
145	121000231	10/2/2012	10/02/12	03/13/14	527	03/13/14	0	IND	OP	1
146	130700169	7/31/2013	08/22/13	08/23/13	NA	08/23/13	NA	IND	OP	2
147	121200126	12/22/2012	12/22/12	01/04/13	NA	01/04/13	NA	IND	CL	NA
148	140700015	7/8/2014	07/08/14	07/08/14	0	07/08/14	0	IND	OP	1
149	130400201	4/30/2013	04/30/13	05/06/13	NA	05/06/13	NA	IND	CL	NA
150	130200018	2/7/2013	02/07/13	02/08/13	NA	02/08/13	NA	IND	CL	1

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PERFORMANCE STANDARDS (Compliance Y/N/not applicable)																		
Audit Subject #	Cat 1		Cat 2		Cat 3		Cat 4	Cat 5	Cat 6	Cat 7	Cat 8	Cat 9	Cat 10	Cat 11	Cat 12	Cat 13	Cat 14	Cat 15
	48hr Set up	Set up	5 Day Decision	P.T. Mgmt.	Mgmt.	Transitional Work	Reserve Adequacy	Timely/Acc urate Payments	SUBRO Mgmt	Database Integrity	Coord. With Contract Monitor	Lit. Mgmt.	Managed Care & Early Interv.	Supervision	Admin. Reports	Meets M.O. Type	Claim Administration	
1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
2	Y	Y	Y	NA	NA	NA	Y	NA	Y	NA	NA	NA	NA	NA	NA	Y	Y	
3	NA	NA	NA	Y	N	Y	Y	NA	N	Y	NA	Y	Y	Y	Y	Y	Y	
4	NA	NA	NA	NA	Y	N	Y	NA	N	Y	NA	Y	Y	Y	Y	Y	Y	
5	Y	Y	Y	Y	Y	Y	Y	NA	Y	Y	NA	N	Y	NA	Y	Y	Y	
6	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
7	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
8	Y	N	NA	Y	Y	Y	Y	NA	N	NA	NA	NA	Y	NA	Y	Y	Y	
9	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
10	Y	Y	N	Y	Y	Y	Y	NA	Y	NA	NA	Y	N	NA	Y	Y	Y	
11	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
12	Y	Y	NA	Y	Y	Y	Y	NA	N	NA	NA	NA	Y	NA	Y	Y	Y	
13	N	Y	NA	NA	NA	Y	N	NA	N	NA	NA	Y	Y	NA	Y	N	N	
14	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
15	N	N	Y	NA	Y	Y	Y	NA	N	Y	N	NA	Y	N	Y	N	N	
16	Y	Y	NA	NA	NA	Y	Y	NA	Y	NA	NA	NA	Y	NA	Y	Y	Y	
17	Y	Y	NA	NA	NA	Y	Y	NA	N	N	N	NA	NA	NA	Y	N	N	
18	NA	NA	NA	NA	NA	Y	NA	NA	Y	NA	NA	MA	Y	NA	Y	Y	Y	
19	NA	NA	NA	Y	Y	Y	Y	NA	N	NA	NA	Y	Y	NA	Y	Y	Y	
20	Y	Y	Y	Y	Y	Y	Y	NA	Y	NA	NA	Y	Y	NA	Y	Y	Y	
21	NA	NA	NA	NA	NA	Y	NA	Y	Y	NA	NA	NA	Y	NA	Y	Y	Y	
22	Y	Y	Y	N	Y	Y	N	NA	N	Y	NA	Y	Y	NA	Y	N	N	
23	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
24	NA	NA	Y	Y	Y	Y	Y	NA	N	Y	NA	Y	Y	Y	Y	Y	Y	
25	Y	Y	N	Y	N	N	N	NA	N	Y	NA	N	Y	Y	Y	Y	N	
26	Y	Y	Y	Y	Y	Y	Y	NA	Y	Y	NA	NA	Y	NA	Y	Y	Y	
27	Y	Y	N	NA	Y	Y	Y	NA	N	Y	NA	NA	Y	NA	Y	Y	Y	
28	NA	NA	NA	NA	Y	Y	Y	NA	N	Y	Y	NA	Y	NA	Y	Y	Y	
29	Y	Y	NA	NA	Y	Y	Y	NA	Y	Y	NA	NA	Y	NA	Y	Y	Y	
30	Y	Y	Y	Y	Y	N	N	NA	N	Y	Y	Y	N	Y	Y	N	N	
31	NA	NA	NA	Y	Y	Y	Y	NA	Y	Y	NA	Y	Y	Y	Y	Y	Y	
32	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
33	Y	Y	Y	Y	Y	Y	Y	NA	Y	Y	NA	Y	N	Y	Y	Y	Y	
34	Y	Y	N	N	N	N	Y	NA	N	Y	N	NA	Y	Y	Y	Y	N	
35	NA	NA	Y	N	Y	Y	Y	NA	N	Y	NA	Y	Y	Y	Y	Y	Y	
36	Y	Y	NA	Y	Y	Y	N	NA	N	Y	NA	NA	Y	Y	Y	Y	Y	
37	NA	Y	Y	Y	Y	N	N	NA	N	Y	NA	NA	N	Y	Y	Y	N	
38	NA	NA	Y	NA	Y	Y	N	NA	N	Y	NA	NA	N	NA	Y	Y	N	
39	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
40	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
41	Y	Y	NA	NA	N	N	N	NA	N	NA	N	NA	N	Y	Y	N	N	
42	Y	Y	NA	NA	N	Y	Y	NA	N	Y	NA	NA	Y	Y	Y	Y	Y	
43	NA	NA	Y	Y	N	Y	Y	NA	N	Y	Y	Y	Y	Y	Y	Y	Y	
44	NA	NA	Y	N	Y	Y	N	NA	N	Y	N	Y	N	Y	Y	Y	N	
45	NA	NA	Y	Y	Y	Y	Y	NA	Y	Y	NA	Y	Y	Y	Y	Y	Y	
46	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
47	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
48	Y	Y	Y	Y	Y	Y	N	NA	N	Y	Y	Y	Y	Y	Y	Y	Y	

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PERFORMANCE STANDARDS (Compliance Y/N/not applicable)																															
Audit Subject #	Cat 1		Cat 2		Cat 3		Cat 4		Cat 5		Cat 6		Cat 7		Cat 8		Cat 9		Cat 10		Cat 11		Cat 12		Cat 13		Cat 14		Cat 15		
	48hr	Set-up	5 Day Decision	P.T.	Mgmt	Transitional Work	Reserve Adequacy	Timely/Accurate Payments	SUBPRO Mgmt	Database Integrity	Coord With Contract Monitor	Lit. Mgmt	Managed Care & Early Interv.	Supervision	Admin. Reports	Meets M.O. Type	Claim Administration														
49	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
50	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
51	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
52	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
53	NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA
54	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
55	Y		Y		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
56	NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA
57	NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
58	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
59	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
60	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
61	Y		Y		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
62	Y		Y		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
63	NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA
64	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
65	NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
66	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
67	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
68	NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA
69	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
70	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
71	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
72	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
73	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
74	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
75	NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
76	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
77	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
78	Y		Y		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
79	Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
80	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
81	NA		NA		Y		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
82	Y		Y		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
83	NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA
84	NA		NA		NA		NA		N		N		N		N		N		N		N		N		N		N		N		N
85	Y		Y		NA		NA		N		N		N		N		N		N		N		N		N		N		N		N
86	Y		Y		Y		NA		N		N		N		N		N		N		N		N		N		N		N		N
87	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
88	NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
89	Y		Y		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
90	NA		NA		NA		N		N		N		N		N		N		N		N		N		N		N		N		N
91	NA		NA		NA		NA		N		N		N		N		N		N		N		N		N		N		N		N
92	NA		NA		Y		NA		N		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
93	NA		NA		NA		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y
94	NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA		NA
95	NA		NA		NA		NA		N		N		N		N		N		N		N		N		N		N		N		N
96	Y		Y		NA		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y		Y



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PERFORMANCE STANDARDS (Compliance Y/N/not applicable)																		
Audit Subject #	Cat 1		Cat 2		Cat 3		Cat 4	Cat 5	Cat 6	Cat 7	Cat 8	Cat 9	Cat 10	Cat 11	Cat 12	Cat 13	Cat 14	Cat 15
	48hr Set- up	5 Day Decision	P.T.	Mgmt.	Transitional Work	Reserve Adequacy	Timely/Acc- urate Payments	SUBPRO Mgmt	Database Integrity	Coord. With Contract Monitor	Lit Mgmt	Managed Care & Early Interv.	Supervision	Admin. Reports	Meets M.O. Type	Claim Administration		
97	Y	Y	Y		N	N	Y	NA	N	NA	NA	Y	Y	NA	Y	N		
98	Y	Y	Y		Y	Y	Y	NA	Y	NA	NA	Y	NA	NA	Y	Y		
99	NA	NA	NA		NA	Y	NA	NA	N	NA	NA	Y	NA	NA	Y	Y		
100	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
101	Y	Y	Y		NA	Y	N	NA	N	NA	NA	Y	NA	NA	Y	Y		
102	NA	NA	NA		NA	Y	Y	NA	Y	NA	NA	Y	NA	NA	Y	Y		
103	NA	NA	Y		NA	Y	N	NA	N	NA	Y	Y	Y	NA	Y	Y		
104	NA	NA	NA		NA	Y	Y	NA	Y	Y	Y	Y	Y	Y	Y	Y		
105	NA	NA	NA		NA	Y	N	NA	N	N	NA	N	N	Y	N	N		
106	NA	NA	NA		Y	N	Y	NA	N	N	NA	Y	Y	N	Y	N		
107	NA	NA	NA		NA	Y	Y	NA	Y	NA	Y	Y	NA	NA	Y	Y		
108	NA	NA	NA		Y	Y	Y	NA	N	N	Y	Y	NA	Y	Y	Y		
109	Y	Y	NA		Y	Y	Y	NA	Y	NA	NA	NA	Y	Y	Y	Y		
110	Y	Y	Y		Y	Y	Y	NA	Y	Y	NA	Y	Y	NA	Y	Y		
111	NA	NA	NA		Y	Y	Y	NA	Y	NA	NA	NA	Y	NA	Y	Y		
112	NA	NA	Y		Y	Y	Y	NA	N	Y	Y	Y	Y	Y	Y	Y		
113	NA	NA	Y		NA	N	N	NA	N	NA	Y	Y	Y	Y	Y	N		
114	NA	NA	Y		Y	N	Y	NA	N	Y	Y	N	Y	Y	Y	N		
115	NA	NA	NA		NA	Y	Y	NA	Y	Y	NA	NA	NA	NA	Y	Y		
116	Y	Y	NA		NA	Y	Y	NA	Y	Y	NA	NA	Y	Y	Y	Y		
117	Y	Y	NA		NA	Y	Y	Y	N	Y	NA	NA	Y	Y	Y	Y		
118	Y	Y	NA		NA	N	NA	NA	N	NA	N	NA	Y	NA	Y	N		
119	NA	NA	Y		Y	Y	Y	NA	N	Y	NA	NA	Y	Y	Y	Y		
120	Y	Y	Y		NA	Y	Y	NA	Y	NA	NA	Y	Y	NA	Y	Y		
121	Y	Y	NA		Y	N	Y	NA	N	Y	Y	Y	Y	Y	Y	Y		
122	NA	NA	NA		Y	Y	N	NA	N	Y	Y	Y	Y	Y	Y	Y		
123	Y	Y	Y		Y	Y	N	NA	N	Y	Y	Y	Y	Y	Y	Y		
124	Y	Y	Y		Y	N	Y	NA	N	Y	NA	Y	Y	N	Y	Y		
125	NA	NA	Y		Y	Y	Y	NA	Y	Y	NA	Y	Y	Y	Y	Y		
126	NA	NA	NA		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA		
127	NA	NA	NA		Y	N	Y	NA	N	Y	Y	NA	Y	Y	Y	Y		
128	Y	Y	NA		NA	Y	Y	NA	Y	NA	NA	NA	Y	NA	Y	Y		
129	Y	Y	Y		Y	N	Y	NA	N	NA	NA	Y	Y	NA	Y	Y		
130	NA	NA	Y		Y	Y	Y	NA	N	N	NA	Y	N	N	Y	N		
131	Y	Y	N		Y	Y	Y	NA	N	NA	NA	Y	Y	NA	Y	Y		
132	Y	Y	Y		Y	N	Y	N	N	NA	NA	NA	Y	NA	Y	Y		
133	NA	NA	NA		NA	N	N	NA	N	NA	N	Y	N	NA	Y	Y		
134	Y	Y	NA		NA	Y	NA	NA	Y	NA	NA	NA	Y	NA	Y	Y		
135	Y	Y	NA		NA	N	Y	NA	N	NA	Y	NA	Y	NA	Y	Y		
136	NA	NA	NA		NA	Y	Y	NA	N	NA	Y	NA	Y	NA	Y	Y		
137	Y	Y	NA		Y	Y	Y	NA	N	NA	NA	NA	N	NA	Y	Y		
138	NA	NA	NA		NA	N	Y	NA	N	NA	NA	Y	N	NA	Y	N		
139	Y	Y	NA		Y	Y	Y	NA	N	NA	N	Y	Y	NA	Y	Y		
140	NA	NA	NA		NA	Y	NA	NA	Y	NA	NA	NA	Y	NA	Y	Y		
141	NA	NA	NA		NA	Y	NA	NA	N	NA	NA	NA	N	NA	Y	N		
142	Y	Y	NA		Y	Y	N	NA	N	NA	NA	NA	Y	NA	Y	Y		
143	Y	Y	NA		NA	Y	Y	NA	Y	NA	NA	NA	Y	NA	Y	Y		
144	Y	N	Y		Y	N	Y	NA	N	Y	Y	Y	Y	Y	Y	Y		

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PERFORMANCE STANDARDS (Compliance Y/N/not applicable)																		
Audit Subject #	Cat 1		Cat 2		Cat 3		Cat 4	Cat 5	Cat 6	Cat 7	Cat 8	Cat 9	Cat 10	Cat 11	Cat 12	Cat 13	Cat 14	Cat 15
	48hr Set-up	5 Day Decision	P.T.	Mgmt.	Transitional Work	Reserve Adequacy	Timely/Accurate Payments	SUBRO Mgmt	Database Integrity	Coord. With Contract Monitor	Lit Mgmt	Managed Care & Early Interv.	Supervision	Admin. Reports	Meets M.O. Type	Claim Administration		
145	Y	Y	NA	NA	NA	Y	Y	NA	N	NA	Y	NA	Y	NA	Y	NA	Y	Y
146	NA	NA	NA	NA	Y	N	Y	NA	N	NA	Y	Y	Y	NA	Y	NA	Y	Y
147	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
148	Y	Y	NA	NA	NA	N	Y	NA	N	NA	Y	Y	N	NA	NA	Y	Y	Y
149	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
150	NA	NA	NA	NA	NA	N	NA	NA	N	NA	NA	NA	NA	NA	Y	Y	Y	N
<b>Total "YES"</b>	<b>64</b>	<b>63</b>	<b>50</b>	<b>62</b>	<b>62</b>	<b>67</b>	<b>85</b>	<b>2</b>	<b>43</b>	<b>54</b>	<b>31</b>	<b>60</b>	<b>95</b>	<b>50</b>	<b>127</b>	<b>127</b>	<b>93</b>	
<b>Applicable Files</b>	<b>66</b>	<b>67</b>	<b>55</b>	<b>68</b>	<b>127</b>	<b>116</b>	<b>3</b>	<b>128</b>	<b>64</b>	<b>45</b>	<b>66</b>	<b>121</b>	<b>56</b>	<b>127</b>	<b>127</b>	<b>128</b>		
<b>Percentage</b>	<b>97%</b>	<b>94%</b>	<b>91%</b>	<b>91%</b>	<b>69%</b>	<b>73%</b>	<b>67%</b>	<b>34%</b>	<b>84%</b>	<b>69%</b>	<b>91%</b>	<b>79%</b>	<b>89%</b>	<b>100%</b>	<b>73%</b>			

## **APPENDIX C**

### **Individual Performance Standards Contract Compliance**

**City of Oakland administered by JT2**

Audit Subject # 26

**Performance Standards  
Contract Compliance  
Worksheet**

2014 Audit by

**Bickmore**

Claim Data	
Claim ID Number	130900015
Date of Injury	9/7/2013
Date of Knowledge	9/7/2013
Date TPA Entered Claim	9/9/2013
Claim Type	Indemnity
Status (open or closed)	Closed
Examiner Count	2

4/23/2014

AMENDED CATEGORY 2

**Compliance Categories**

- Y N  **(1) The TPA entered the new claim into the system within 2 days.**  
Explain:
- Y N  **(2) The TPA assessed a liability decision within 5 days.**  
Explain: Refer to File Note 09/17/13, the acceptance was due 09/16/13 and the file documentation did not occur until 09/17/13. **AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.**
- Y N  **(3) The TPA appropriately managed physical therapy treatment requests.**  
Explain:
- Y N  **(4) The TPA positively influenced the return to work process and considered transitional duty.**  
Explain:
- Y N  **(5) The TPA has established adequate reserves on the claim.**  
Explain:
- Y N  **(6) The TPA made timely and accurate payments in the file.**  
Explain:
- Y N  **(7) The TPA actively pursued subrogation or third party recovery.**  
Explain:
- Y N  **(8) The TPA updated the claim file timely and with appropriate data.**  
Explain: ADJUSTED COMPLIANCE BASED UPON ITEM #2.
- Y N  **(9) Ongoing communication with Contract Monitor is evident in the claim.**  
Explain:

Y N  NA **(10) The claim meets the litigation management standard.**  
Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.**  
Explain:

Y N  Y **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.**  
Explain:

Y N  NA **(13) The TPA generated administrative reports to standard.**  
Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).**  
Explain:

Y N  Y **(15) Overall claim administration by the TPA meets standard.**  
Explain:

**BILL REVIEW**

Y N  Y **(16) All Bills Submitted to Bill Review**  
Explain:

Y N  Y **(17) Timely submission to Bill Review**  
Explain:

Y N  NA **(18) Bills Resubmitted**  
Explain:

Y N  NA **(19) Fee Adjustment Corrected**  
Explain:

**UTILIZATION REVIEW**

           NA **(20) UR Review Disputed**

           NA **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 36

## Performance Standards Contract Compliance Worksheet

2014 Audit by



Claim Data	
Claim ID Number	130800165
Date of Injury	8/28/2013
Date of Knowledge	8/28/2013
Date TPA Entered Claim	9/5/2013
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	3

AMENDED CATEGORY 2

### Compliance Categories

- Y N  Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Explain: Decision not documented until 09/16/13. NO CHANGE - CATEGORY MEASURES DECISION WITHIN 5 DAYS, NOT 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE. **(2) The TPA assessed a liability decision within 5 days.**
- Y N  Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  Explain: **(5) The TPA has established adequate reserves on the claim.**
- Y N  Explain: 09/16/13 Received TD slip for 09/05 - 09/11/13. Did not process payments until 10/17/13. **(6) The TPA made timely and accurate payments in the file.**
- Y N  Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  Explain: Refer to Item #6 **(8) The TPA updated the claim file timely and with appropriate data.**

Y N  Y **(9) Ongoing communication with Contract Monitor is evident in the claim.** Explain:

Y N  NA **(10) The claim meets the litigation management standard.** Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.** Explain:

Y N  Y **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.** Explain:

Y N  Y **(13) The TPA generated administrative reports to standard.** Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).** Explain:

Y N  Y **(15) Overall claim administration by the TPA meets standard.** Explain:

#### **BILL REVIEW**

Y N  Y **(16) All Bills Submitted to Bill Review** Explain:

Y N  Y **(17) Timely submission to Bill Review** Explain:

Y N  NA **(18) Bills Resubmitted** Explain:

Y N  NA **(19) Fee Adjustment Corrected** Explain:

#### **UTILIZATION REVIEW**

           NA **(20) UR Review Disputed**

           NA **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 48

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	140300046
Date of Injury	3/12/2014
Date of Knowledge	3/12/2014
Date TPA Entered Claim	3/14/2014
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	2

AMENDED CATEGORY 2

### Compliance Categories

- Y N  **(1) The TPA entered the new claim into the system within 2 days.**  
Explain:
- Y N  **(2) The TPA assessed a liability decision within 5 days.**  
Explain: Decision not documented until 03/25/14. NO CHANGE - THIS CATEGORY MEASURES LIABILITY DECISION DOCUMENTED W/IN 5 DAYS, NOT THE 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.
- Y N  **(3) The TPA appropriately managed physical therapy treatment requests.**  
Explain:
- Y N  **(4) The TPA positively influenced the return to work process and considered transitional duty.**  
Explain:
- Y N  **(5) The TPA has established adequate reserves on the claim.**  
Explain:
- Y N  **(6) The TPA made timely and accurate payments in the file.**  
Explain: PDI Intake charge of \$75 appears to be a duplicate billing for 03/12 and 03/13/14.
- Y N  **(7) The TPA actively pursued subrogation or third party recovery.**  
Explain:
- Y N  **(8) The TPA updated the claim file timely and with appropriate data.**  
Explain: Refer to Item #6
- Y N  **(9) Ongoing communication with Contract Monitor is evident in the claim.**  
Explain:



Y N  **(10) The claim meets the litigation management standard.**  
Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.**  
Explain:

Y N  **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.**  
Explain:

Y N  **(13) The TPA generated administrative reports to standard.**  
Explain:

Y N  **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).**  
Explain:

Y N  **(15) Overall claim administration by the TPA meets standard.**  
Explain:

#### BILL REVIEW

Y N  **(16) All Bills Submitted to Bill Review**  
Explain:

Y N  **(17) Timely submission to Bill Review**  
Explain:

Y N  NA **(18) Bills Resubmitted**  
Explain:

Y N  NA **(19) Fee Adjustment Corrected**  
Explain:

#### UTILIZATION REVIEW

           NA **(20) UR Review Disputed**

           NA **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 49

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	131200109
Date of Injury	12/19/2013
Date of Knowledge	12/19/2013
Date TPA Entered Claim	12/23/2013
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	2

AMENDED CATEGORY 2

## Compliance Categories

- Y N  Y Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Y Explain: Decision not documented until 01/07/14. NO CHANGE - THIS CATEGORY MEASURES DOCUMENTATION OF LIABILITY DECISION W/IN 5 DAYS, NOT 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE. **(2) The TPA assessed a liability decision within 5 days.**
- Y N  Y Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  Y Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  Y Explain: **(5) The TPA has established adequate reserves on the claim.**
- Y N  Y Explain: **(6) The TPA made timely and accurate payments in the file.**
- Y N  NA Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  Y Explain: Refer to Item #2 **(8) The TPA updated the claim file timely and with appropriate data.**
- Y N  Y Explain: **(9) Ongoing communication with Contract Monitor is evident in the claim.**

Y N  NA **(10) The claim meets the litigation management standard.**  
Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.**  
Explain:

Y N  Y **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.**  
Explain:

Y N  Y **(13) The TPA generated administrative reports to standard.**  
Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).**  
Explain:

Y N  Y **(15) Overall claim administration by the TPA meets standard.**  
Explain:

**BILL REVIEW**

Y N  Y **(16) All Bills Submitted to Bill Review**  
Explain:

Y N  Y **(17) Timely submission to Bill Review**  
Explain:

Y N  NA **(18) Bills Resubmitted**  
Explain:

Y N  NA **(19) Fee Adjustment Corrected**  
Explain:

**UTILIZATION REVIEW**

\_\_\_\_\_ NA **(20) UR Review Disputed**

\_\_\_\_\_ NA **(21) UR Review Overturned by Re-review**

\_\_\_\_\_ NA **(22) UR Review Overturned by IMR**

\_\_\_\_\_ NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 58

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	140200024
Date of Injury	2/8/2014
Date of Knowledge	2/8/2014
Date TPA Entered Claim	2/10/2014
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	3

AMENDED CATEGORY 2

## Compliance Categories

- Y N  Y Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Y Explain: The decision was not noted until 02/19/14. **NO CHANGE - CATEGORY IS BASED ON 5 DAYS DOCUMENTATION OF DECISION - NOT 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.** **(2) The TPA assessed a liability decision within 5 days.**
- Y N  Y Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  Y Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  N Explain: Recommend raising the medical reserve by \$5,000. The employee will require future medical care. Only \$2,905 remaining. **NO CHANGE - WAITING TO ADJUST RESERVES UNTIL SETTLEMENT IS INAPPROPRIATE. CLAIM SHOULD BE RESERVED FOR KNOWN EXPOSURE.** **(5) The TPA has established adequate reserves on the claim.**
- Y N  Y Explain: **(6) The TPA made timely and accurate payments in the file.**
- Y N  NA Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  N Explain: Refer to Item #5 **(8) The TPA updated the claim file timely and with appropriate data.**
- Y N  Y Explain: **(9) Ongoing communication with Contract Monitor is evident in the claim.**

Y N  **(10) The claim meets the litigation management standard.**  
Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.**  
Explain:

Y N  **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.**  
Explain:

Y N  **(13) The TPA generated administrative reports to standard.**  
Explain:

Y N  **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).**  
Explain:

Y N  **(15) Overall claim administration by the TPA meets standard.**  
Explain:

#### **BILL REVIEW**

Y N  **(16) All Bills Submitted to Bill Review**  
Explain:

Y N  **(17) Timely submission to Bill Review**  
Explain:

Y N  NA **(18) Bills Resubmitted**  
Explain:

Y N  NA **(19) Fee Adjustment Corrected**  
Explain:

#### **UTILIZATION REVIEW**

           NA **(20) UR Review Disputed**

           NA **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 61

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	140100060
Date of Injury	1/15/2014
Date of Knowledge	1/15/2014
Date TPA Entered Claim	1/17/2014
Claim Type	Indemnity
Status (open or closed)	Closed
Examiner Count	1

4/7/2014

AMENDED CATEGORY 2

### Compliance Categories

- Y N  Y Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Y Explain: **(2) The TPA assessed a liability decision within 5 days.** The decision was not documented until 01/23/19, when it was due by 01/22/14. **NO CHANGE - THIS CATEGORY INVOLVES DOCUMENTATION OF THE DECISION W/IN 5 DAYS, DOES NOT RELATE TO THE 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.**
- Y N  NA Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  NA Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  Y Explain: **(5) The TPA has established adequate reserves on the claim.**
- Y N  N Explain: **(6) The TPA made timely and accurate payments in the file.** Possible overpayment 01/16 - 01/22/14. Refer to File Note 01/24/14 which states the employee only missed one day. No clarification was done.
- Y N  NA Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  N Explain: **(8) The TPA updated the claim file timely and with appropriate data.** Refer to Item #6

Y N  Y (9) Ongoing communication with Contract Monitor is evident in the claim.  
Explain: Refer to Item #6, failed to clarify RTW.

Y N  NA (10) The claim meets the litigation management standard.  
Explain:

Y N  NA (11) The TPA utilized early intervention and managed care resources appropriately.  
Explain:

Y N  Y (12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.  
Explain:

Y N  NA (13) The TPA generated administrative reports to standard.  
Explain:

Y N  Y (14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).  
Explain:

Y N  N (15) Overall claim administration by the TPA meets standard.  
Explain: 46% Amended to 58% Compliance - see Category #2.

#### BILL REVIEW

Y N  Y (16) All Bills Submitted to Bill Review  
Explain:

Y N  Y (17) Timely submission to Bill Review  
Explain:

Y N  NA (18) Bills Resubmitted  
Explain:

Y N  NA (19) Fee Adjustment Corrected  
Explain:

#### UTILIZATION REVIEW

           NA (20) UR Review Disputed

           NA (21) UR Review Overturned by Re-review

           NA (22) UR Review Overturned by IMR

           NA (23) Cost of IMR

# City of Oakland administered by JT2

Audit Subject # 77

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	131200179
Date of Injury	12/5/2013
Date of Knowledge	12/20/2013
Date TPA Entered Claim	3/5/2014
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	2

AMENDED CATEGORY 2

### Compliance Categories

- Y N  Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Explain: Refer to File Note 03/17/14, the file was documented as accepted. **NO CHANGE - THIS CATEGORY MEASURES DOCUMENTATION OF LIABILITY W/IN 5 DAYS, NOT THE 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.** **(2) The TPA assessed a liability decision within 5 days.**
- Y N  Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  Explain: **(5) The TPA has established adequate reserves on the claim.**
- Y N  Explain: **(6) The TPA made timely and accurate payments in the file.**
- Y N  NA Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  Explain: **(8) The TPA updated the claim file timely and with appropriate data.**
- Y N  Explain: **(9) Ongoing communication with Contract Monitor is evident in the claim.**



Y N  NA **(10) The claim meets the litigation management standard.**  
Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.**  
Explain: Recommend the employee be referred to NCM as she has multiple non-industrial issues complicating her care.

Y N  Y **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.**  
Explain:

Y N  Y **(13) The TPA generated administrative reports to standard.**  
Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or Indemnity).**  
Explain:

Y N  Y **(15) Overall claim administration by the TPA meets standard.**  
Explain:

#### **BILL REVIEW**

Y N  Y **(16) All Bills Submitted to Bill Review**  
Explain:

Y N  Y **(17) Timely submission to Bill Review**  
Explain:

Y N  Y **(18) Bills Resubmitted**  
Explain:

Y N  Y **(19) Fee Adjustment Corrected**  
Explain:

#### **UTILIZATION REVIEW**

           NA **(20) UR Review Disputed**

           NA **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 79

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	130800079
Date of Injury	8/4/2013
Date of Knowledge	8/4/2013
Date TPA Entered Claim	8/20/2013
Claim Type	Indemnity
Status (open or closed)	Closed
Examiner Count	3

9/15/2014

AMENDED CATEGORY 2

### Compliance Categories

- Y N  **(1) The TPA entered the new claim into the system within 2 days.**  
Explain:
- Y N  **(2) The TPA assessed a liability decision within 5 days.**  
Explain: Refer to File Note 08/28/13, late decision documentation. **NO CHANGE - CATEGORY REQUIRES DECISION DOCUMENTED W/IN 5 DAYS - NOT RELATED TO 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.**
- Y N  **(3) The TPA appropriately managed physical therapy treatment requests.**  
Explain:
- Y N  **(4) The TPA positively influenced the return to work process and considered transitional duty.**  
Explain:
- Y N  **(5) The TPA has established adequate reserves on the claim.**  
Explain:
- Y N  **(6) The TPA made timely and accurate payments in the file.**  
Explain: Refer to File Note 10/29/13, the adjuster knew surgery was set for 11/21/13. Failed to follow up on time loss and paid a voucher late 12/06/13.
- Y N  **(7) The TPA actively pursued subrogation or third party recovery.**  
Explain:
- Y N  **(8) The TPA updated the claim file timely and with appropriate data.**  
Explain: The plan of action 02/05/14 indicates the employee was waiting for surgery, no lost time. However, the employee had already had surgery 11/21/13 and TD has been paid. Inaccurate

Y N  Y **(9) Ongoing communication with Contract Monitor is evident in the claim.** Explain:

Y N  NA **(10) The claim meets the litigation management standard.** Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.** Explain:

Y N  Y **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.** Explain:

Y N  Y **(13) The TPA generated administrative reports to standard.** Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).** Explain:

Y N  Y **(15) Overall claim administration by the TPA meets standard.** Explain:

#### BILL REVIEW

Y N  Y **(16) All Bills Submitted to Bill Review** Explain:

Y N  Y **(17) Timely submission to Bill Review** Explain:

Y N  NA **(18) Bills Resubmitted** Explain:

Y N  NA **(19) Fee Adjustment Corrected** Explain:

#### UTILIZATION REVIEW

NA **(20) UR Review Disputed**

NA **(21) UR Review Overturned by Re-review**

NA **(22) UR Review Overturned by IMR**

NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 82

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	130800146
Date of Injury	8/28/2013
Date of Knowledge	8/29/2013
Date TPA Entered Claim	9/3/2013
Claim Type	Indemnity
Status (open or closed)	Closed
Examiner Count	1

11/11/2013

AMENDED CATEGORY 2

## Compliance Categories

- Y N  Y Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Y Explain: Refer to File Note 09/11/13, documenting decision. Decision due 09/10/13. NO CHANGE - CATEGORY REFERENCES DECISION DOCUMENTED W/IN 5 DAYS - NOT RELATED TO 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE. **(2) The TPA assessed a liability decision within 5 days.**
- Y N  NA Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  Y Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  Y Explain: **(5) The TPA has established adequate reserves on the claim.**
- Y N  Y Explain: Claim denied 10/31/13. Occ Health bill for date of service 11/21/13 (\$66) paid post denial. CLARIFIED - RECOMMEND DOCUMENTING THE FILE NOTES TO INDICATE COO INSTRUCTIONS FOR PAYMENT. **(6) The TPA made timely and accurate payments in the file.**
- Y N  NA Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  Y Explain: Refer to Item #6. Late payment of benefits on a denied claim. Amended - See category #2 **(8) The TPA updated the claim file timely and with appropriate data.**

Y N  Y Explain: **(9) Ongoing communication with Contract Monitor is evident in the claim.**

Y N  NA Explain: **(10) The claim meets the litigation management standard.**

Y N  NA Explain: **(11) The TPA utilized early intervention and managed care resources appropriately.**

Y N  Y Explain: **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.**

Y N  NA Explain: **(13) The TPA generated administrative reports to standard.**

Y N  Y Explain: **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).**

Y N  Y Explain: **(15) Overall claim administration by the TPA meets standard.** CORRECTED

#### BILL REVIEW

Y N  NA Explain: **(16) All Bills Submitted to Bill Review**

Y N  NA Explain: **(17) Timely submission to Bill Review**

Y N  NA Explain: **(18) Bills Resubmitted**

Y N  NA Explain: **(19) Fee Adjustment Corrected**

#### UTILIZATION REVIEW

           NA **(20) UR Review Disputed**

           NA **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

**City of Oakland administered by JT2**

Audit Subject # 85

**Performance Standards  
Contract Compliance  
Worksheet**

2014 Audit by



Claim Data	
Claim ID Number	130900008
Date of Injury	9/5/2013
Date of Knowledge	9/5/2013
Date TPA Entered Claim	9/6/2013
Claim Type	Indemnity
Status (open or closed)	Closed
Examiner Count	3

12/23/2013

AMENDED CATEGORY 2

**Compliance Categories**

- Y N  **(1) The TPA entered the new claim into the system within 2 days.**  
Explain:
- Y N  **(2) The TPA assessed a liability decision within 5 days.**  
Explain: The decision documentation was delayed when entered 09/17/13. NO CHANGE - CATEGORY REQUIRES DOCUMENTATION W/IN 5 DAYS -NOT 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.
- Y N  NA **(3) The TPA appropriately managed physical therapy treatment requests.**  
Explain:
- Y N  NA **(4) The TPA positively influenced the return to work process and considered transitional duty.**  
Explain:
- Y N  N **(5) The TPA has established adequate reserves on the claim.**  
Explain: The claim should have been denied in November 2013, with corresponding reserves lowered at that time. Claim accepted in error.
- Y N  N **(6) The TPA made timely and accurate payments in the file.**  
Explain: \$1454.31 paid post denial do not appear to belong to this claim.
- Y N  NA **(7) The TPA actively pursued subrogation or third party recovery.**  
Explain:
- Y N  N **(8) The TPA updated the claim file timely and with appropriate data.**  
Explain: 11/13/13 received a fax from the treating doctor indicating this was not a new injury. This was not entered in to the system until 12/03/13, resulting in the claim being accepted in

Y N  Y **(9) Ongoing communication with Contract Monitor is evident in the claim.** Explain:

Y N  NA **(10) The claim meets the litigation management standard.** Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.** Explain:

Y N  N **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.** Explain: 12/12/13 Supervisory review should have noted the late denial (reference Item #6).

Y N  NA **(13) The TPA generated administrative reports to standard.** Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).** Explain:

Y N  N **(15) Overall claim administration by the TPA meets standard.** Explain: 25% Amended to 50% - see category #2.

#### BILL REVIEW

Y N  Y **(16) All Bills Submitted to Bill Review** Explain:

Y N  Y **(17) Timely submission to Bill Review** Explain:

Y N  NA **(18) Bills Resubmitted** Explain:

Y N  NA **(19) Fee Adjustment Corrected** Explain:

#### UTILIZATION REVIEW

           NA **(20) UR Review Disputed**

           NA **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 86

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	131000049
Date of Injury	10/9/2013
Date of Knowledge	10/9/2013
Date TPA Entered Claim	10/10/2013
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	2

AMENDED CATEGORY 2

## Compliance Categories

- Y N  Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Explain: Refer to File Note 10/21/13, the decision to accept the claim was not documented until 10/12/13. NO CHANGE - DECISION DUE W/IN 5 DAYS - NOT 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE. **(2) The TPA assessed a liability decision within 5 days.**
- Y N  Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  NA Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  N Explain: Medical care is estimated at \$2,977.96. The employee will require future medical care, recommend an increase of \$10,000 in Medical Reserve. **(5) The TPA has established adequate reserves on the claim.**
- Y N  N Explain: It appears you paid DWC Private Ratings for service provided 08/15/14 (\$140) 3 times. **(6) The TPA made timely and accurate payments in the file.**
- Y N  NA Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  N Explain: Refer to Item #5 and #6. **(8) The TPA updated the claim file timely and with appropriate data.**
- Y N  Explain: **(9) Ongoing communication with Contract Monitor is evident in the claim.**



Y N  (10) The claim meets the litigation management standard.  
Explain:

Y N  NA (11) The TPA utilized early intervention and managed care resources appropriately.  
Explain:

Y N  (12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.  
Explain:

Y N  (13) The TPA generated administrative reports to standard.  
Explain:

Y N  (14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).  
Explain:

Y N  N (15) Overall claim administration by the TPA meets standard.  
Explain: 53% Amended to 65% - See category #2.

#### BILL REVIEW

Y N  (16) All Bills Submitted to Bill Review  
Explain:

Y N  (17) Timely submission to Bill Review  
Explain:

Y N  NA (18) Bills Resubmitted  
Explain:

Y N  NA (19) Fee Adjustment Corrected  
Explain:

#### UTILIZATION REVIEW

           NA (20) UR Review Disputed

           NA (21) UR Review Overturned by Re-review

           NA (22) UR Review Overturned by IMR

           NA (23) Cost of IMR

# City of Oakland administered by JT2

Audit Subject # 117

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	140700137
Date of Injury	7/31/2014
Date of Knowledge	7/31/2014
Date TPA Entered Claim	8/5/2014
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	1

AMENDED CATEGORY 2

## Compliance Categories

- Y N  Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Explain: **(2) The TPA assessed a liability decision within 5 days.**  
The decision was not documented until 08/18/14, and was due 08/12/14. NO CHANGE - DECISION TO BE DOCUMENTED W/IN 5 DAYS - NOT 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.
- Y N  NA Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  NA Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  Explain: **(5) The TPA has established adequate reserves on the claim.**
- Y N  Explain: **(6) The TPA made timely and accurate payments in the file.**
- Y N  Explain: **(7) The TPA actively pursued subrogation or third party recovery.**  
Although the claim is on Delay, there is a responsibility for medical care during the delay period. Additionally, the adjuster should have pursued subrogation. CLARIFIED MEDICAL CARE AUTHORIZED DURING DELAY. NO PURSUIT OF SUBRO AS CLAIM DENIED (POST REVIEW).
- Y N  Explain: **(8) The TPA updated the claim file timely and with appropriate data.**  
Refer to Item #7.

Y N  Y **(9) Ongoing communication with Contract Monitor is evident in the claim.** Explain:

Y N  NA **(10) The claim meets the litigation management standard.** Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.** Explain:

Y N  Y **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.** Explain: The supervisor failed to advise the adjuster on subrogation. CORRECTED

Y N  Y **(13) The TPA generated administrative reports to standard.** Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).** Explain:

Y N  Y **(15) Overall claim administration by the TPA meets standard.** Explain: CORRECTED

#### **BILL REVIEW**

Y N  NA **(16) All Bills Submitted to Bill Review** Explain:

Y N  NA **(17) Timely submission to Bill Review** Explain:

Y N  NA **(18) Bills Resubmitted** Explain:

Y N  NA **(19) Fee Adjustment Corrected** Explain:

#### **UTILIZATION REVIEW**

           NA **(20) UR Review Disputed**

           NA **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 120

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	130900137
Date of Injury	9/26/2013
Date of Knowledge	9/26/2013
Date TPA Entered Claim	9/27/2013
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	1

AMENDED CATEGORY 2

### Compliance Categories

- Y N  Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Explain: Decision noted 10/16/13. NO CHANGE - CATEGORY RELATES TO DECISION W/IN 5 DAYS - NOT 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE. **(2) The TPA assessed a liability decision within 5 days.**
- Y N  Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  NA Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  Explain: **(5) The TPA has established adequate reserves on the claim.**
- Y N  Explain: **(6) The TPA made timely and accurate payments in the file.**
- Y N  NA Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  Explain: **(8) The TPA updated the claim file timely and with appropriate data.**
- Y N  Explain: **(9) Ongoing communication with Contract Monitor is evident in the claim.**

Y N  NA **(10) The claim meets the litigation management standard.** Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.** Explain:

Y N  Y **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.** Explain:

Y N  NA **(13) The TPA generated administrative reports to standard.** Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).** Explain:

Y N  Y **(15) Overall claim administration by the TPA meets standard.** Explain:

#### **BILL REVIEW**

Y N  Y **(16) All Bills Submitted to Bill Review** Explain:

Y N  Y **(17) Timely submission to Bill Review** Explain:

Y N  Y **(18) Bills Resubmitted** Explain: 2 Bills Resubmitted

Y N  Y **(19) Fee Adjustment Corrected** Explain: \$45.65

#### **UTILIZATION REVIEW**

           Y **(20) UR Review Disputed**

           N **(21) UR Review Overturned by Re-review**

           N **(22) UR Review Overturned by IMR**

           420 **(23) Cost of IMR**

**City of Oakland administered by JT2**

Audit Subject # 124

**Performance Standards  
Contract Compliance  
Worksheet**

2014 Audit by



Claim Data	
Claim ID Number	130900029
Date of Injury	9/10/2013
Date of Knowledge	9/10/2013
Date TPA Entered Claim	9/11/2013
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	2

AMENDED CATEGORY 2

**Compliance Categories**

- Y N  **(1) The TPA entered the new claim into the system within 2 days.**  
Explain:
- Y N  **(2) The TPA assessed a liability decision within 5 days.**  
Explain: Compensability note documented until 09/23/13. NO CHANGE - CATEGORY RELATES TO DECISION NOTED W/IN 5 DAYS - NOT RELATED TO 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.
- Y N  **(3) The TPA appropriately managed physical therapy treatment requests.**  
Explain:
- Y N  **(4) The TPA positively influenced the return to work process and considered transitional duty.**  
Explain:
- Y N  **(5) The TPA has established adequate reserves on the claim.**  
Explain: The employee was authorized to return to work usual and customary duty 09/10/14. However, the condition was not permanent and stationary - potential for additional time loss and PD. Recommend increase of Indemnity by approximately \$1,000.
- Y N  **(6) The TPA made timely and accurate payments in the file.**  
Explain:
- Y N  **(7) The TPA actively pursued subrogation or third party recovery.**  
Explain:
- Y N  **(8) The TPA updated the claim file timely and with appropriate data.**  
Explain: Refer to Item #5
- Y N  **(9) Ongoing communication with Contract Monitor is evident in the claim.**  
Explain:

Y N  NA **(10) The claim meets the litigation management standard.** Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.** Explain:

Y N  Y **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.** Explain:

Y N  Y **(13) The TPA generated administrative reports to standard.** Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).** Explain:

Y N  Y **(15) Overall claim administration by the TPA meets standard.** Explain:

**BILL REVIEW**

Y N  Y **(16) All Bills Submitted to Bill Review** Explain:

Y N  Y **(17) Timely submission to Bill Review** Explain:

Y N  Y **(18) Bills Resubmitted** Explain: Resubmitted 8 bills.

Y N  Y **(19) Fee Adjustment Corrected** Explain: \$353.20

**UTILIZATION REVIEW**

           Y **(20) UR Review Disputed**

           Y **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

**City of Oakland administered by JT2**

Audit Subject # 131

**Performance Standards  
Contract Compliance  
Worksheet**

2014 Audit by

**Bickmore**

Claim Data	
Claim ID Number	140300064
Date of Injury	3/10/2014
Date of Knowledge	3/10/2014
Date TPA Entered Claim	3/17/2014
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	2

AMENDED CATEGORY 2

**Compliance Categories**

- Y N  Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Explain: Acceptance of the claim not documented until 03/26/14. **(2) The TPA assessed a liability decision within 5 days.** NO CHANGE - CATEGORY REQUIRES DOCUMENTATION W/IN 5 DAYS - NOT RELATED TO 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.
- Y N  Explain: 06/30/14, there is an email from the employer on the employee's concern regarding PD not authorized. No response identified. **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  Explain: **(5) The TPA has established adequate reserves on the claim.**
- Y N  Explain: **(6) The TPA made timely and accurate payments in the file.**
- Y N  Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  Explain: Refer to Item #3 **(8) The TPA updated the claim file timely and with appropriate data.**
- Y N  Explain: **(9) Ongoing communication with Contract Monitor is evident in the claim.**



Y N  NA **(10) The claim meets the litigation management standard.** Explain:

Y N  NA **(11) The TPA utilized early intervention and managed care resources appropriately.** Explain:

Y N  Y **(12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.** Explain:

Y N  NA **(13) The TPA generated administrative reports to standard.** Explain:

Y N  Y **(14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).** Explain:

Y N  Y **(15) Overall claim administration by the TPA meets standard.** Explain:

#### **BILL REVIEW**

Y N  Y **(16) All Bills Submitted to Bill Review** Explain:

Y N  Y **(17) Timely submission to Bill Review** Explain:

Y N  NA **(18) Bills Resubmitted** Explain:

Y N  NA **(19) Fee Adjustment Corrected** Explain:

#### **UTILIZATION REVIEW**

           NA **(20) UR Review Disputed**

           NA **(21) UR Review Overturned by Re-review**

           NA **(22) UR Review Overturned by IMR**

           NA **(23) Cost of IMR**

# City of Oakland administered by JT2

Audit Subject # 135

## Performance Standards Contract Compliance Worksheet

2014 Audit by

# Bickmore

Claim Data	
Claim ID Number	140400094
Date of Injury	4/16/2014
Date of Knowledge	4/16/2014
Date TPA Entered Claim	4/21/2014
Claim Type	Indemnity
Status (open or closed)	Open
Examiner Count	2

AMENDED CATEGORY 2

### Compliance Categories

- Y N  Explain: **(1) The TPA entered the new claim into the system within 2 days.**
- Y N  Explain: **(2) The TPA assessed a liability decision within 5 days.**  
 Explain: The decision was not noted until 05/01/14, when due 04/28/14. NO CHANGE - CATEGORY RELATES TO DECISION W/IN 5 DAYS - NOT RELATED TO 14 DAY TIMELINE. AMENDED CATEGORY TO MEASURE 14 DAY DECISION DATE.
- Y N  NA Explain: **(3) The TPA appropriately managed physical therapy treatment requests.**
- Y N  NA Explain: **(4) The TPA positively influenced the return to work process and considered transitional duty.**
- Y N  N Explain: **(5) The TPA has established adequate reserves on the claim.**  
 Explain: There is an AME set for November 2014, zero medical reserve. Recommend increasing by \$2,000.
- Y N  Explain: **(6) The TPA made timely and accurate payments in the file.**
- Y N  NA Explain: **(7) The TPA actively pursued subrogation or third party recovery.**
- Y N  N Explain: **(8) The TPA updated the claim file timely and with appropriate data.**  
 Explain: Refer to Item #5
- Y N  Explain: **(9) Ongoing communication with Contract Monitor is evident in the claim.**

Y N  (10) The claim meets the litigation management standard.  
Explain:

Y N  NA (11) The TPA utilized early intervention and managed care resources appropriately.  
Explain:

Y N  (12) Supervisory review is evident and demonstrates appropriate coaching to the examiner.  
Explain:

Y N  NA (13) The TPA generated administrative reports to standard.  
Explain:

Y N  (14) The TPA has classified the claim for appropriate claim type (medical only or indemnity).  
Explain:

Y N  (15) Overall claim administration by the TPA meets standard.  
Explain: 60% 72% Amended - See category #2

#### BILL REVIEW

Y N  (16) All Bills Submitted to Bill Review  
Explain:

Y N  (17) Timely submission to Bill Review  
Explain:

Y N  NA (18) Bills Resubmitted  
Explain:

Y N  NA (19) Fee Adjustment Corrected  
Explain:

#### UTILIZATION REVIEW

           NA (20) UR Review Disputed

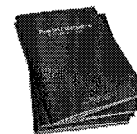
           NA (21) UR Review Overturned by Re-review

           NA (22) UR Review Overturned by IMR

           NA (23) Cost of IMR



# A PPENDICES



## Appendix D

Response form TPA to Workers'  
Compensation Claims Audit



March 16, 2015

Deb Grant  
Risk Manager  
City of Oakland  
150 Frank Ogawa Plaza 3<sup>rd</sup> Floor  
Oakland, CA 94612

RE: Bickmore Final Audit Report January 16, 2015

We are in receipt of the performance audit conducted by Jacquelyn Miller of Bickmore Risk Services. As you recall Ms. Miller issued an initial audit report on November 17, 2014 however after further analysis a revised final audit report issued on January 16, 2015. On February 23, 2015, JT2 Management staff met with City representatives and the audit findings were discussed in detail. We specially addressed areas where the audit findings were subpar. A follow up meeting was held on March 9, 2015. It is the goal of JT2 to meet and exceed the expectations of the City of Oakland and the requirements set forth.

I am writing at this time to address the areas requiring improvement as discussed at the meeting on February 23, 2015 and advise the City of the corrective action that has already taken place and our plans going forward to assure we are compliant.

- **Performance Standard Five – Reserves**  
The auditor opined that some claim files were under reserved, although she did not provide a fiscal impact statement or a net over/under number. Since the initial audit report issued the claims staff have received extensive training on reserving. We will be setting reserves based on the most probable outcome. We will be reserving claims, including future medical claims pursuant to:  
*CSAC Workers' Compensation Claims Administration Guidelines Section III (F) 1 through 4 and Labor Code CCR (CA Code of Regulations) 15300 sections (4), (7) and (9).*  
In addition the Supervisors will be testing a random sampling of claim files to assure this reserving methodology is consistent across all claim types.
- **Performance Standard Six – Timely and accurate payments**  
The majority of errors found in this category were related to other than indemnity payments therefore would not be subject to OBAE penalty and did not negatively impact the injured worker or the City. For the most part the errors involved medical and non medical provider payments made on companion cases. This has already been rectified by a more robust payment reconciliation process.

- Performance Standard Seven – Active pursuit of Subrogation  
The audit only reviewed 3 claims that had subrogation potential. 2 of the 3 met the standard. The auditor indicated that this was a statistically insignificant number of files to accurately measure performance.
- Performance Standard Eight – Updating the Claim File/Data Base Integrity  
This is commonly referred to in the industry as diary systems. We have already made significant improvement in this area and examiner diary is tracked weekly by the Supervisor and overseen by the Director. Training on workflow and how to prioritize activities has been given to the examiners with an emphasis on maintaining a 45 day diary on active indemnity claims. We have eliminated the internal JT2 7 day grace period. This will assure that the claim data is current within the diary parameters. We follow *CSAC Guidelines Section I (A) 1 through 2*. In addition we have upgraded to the latest version of Systema / SIMS claims software which will provide more consistency in the titling of documents.
- Performance Standard Twelve – Supervisory Review  
95 of the 121 files applicable met this standard. In my independent review of the audited inventory, I note that although the Supervisors had reviewed the claim files, usually while giving direction to the examiners, they did not document the claim notepad in an easily identifiable manner. While this audit area did not meet the 85% standard, I am confident that with clearer supervisory documentation we will meet or exceed the standard going forward.

The auditor made two general observations and findings in regard to the Early Intervention/Transitional Work Specialist and the frequent change in adjusters. At a meeting with the City on March 9, 2015, an initial dialog began to address these findings and to discuss the best use of the full compliment of dedicated JT2 staff assigned to the City's Workers Compensation Program. After further review of claim inventory as assigned across the full compliment of staff, I will reach out to the City to continue that dialog.

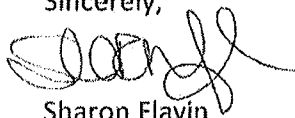
Since receipt of the initial Audit report, starting in December of 2014, weekly training has been provided. Previously weekly round table meetings were held however the agenda for those weekly meetings has changed to include a training session. So far we have had 13 in-house training sessions. Topics have included: reserving, documentation, diary systems, appropriate denial language, direction of litigation, direction of investigation, calculation of penalty payments, calculation of permanent disability and calculation of wage loss, claim type coding and documentation of modified duty. In addition we have had 4 outside vendors provide professional training. Topics have included 4850, presumptions, State Average Weekly Wage, calculation of average weekly wage, pharmaceutical management, and subroza investigation.



Lastly an internal audit worksheet has been created for use by me and the Supervisors to assure we are compliant with performance standards. A copy of that document is available for review upon request.

We look forward to working closely with you to make continued improvements in the City's program. If additional information is required, please do not hesitate to contact me directly. Again, thank you for allowing us the opportunity to respond in writing in follow up to the in person detailed review held on February 23, 2015.

Sincerely,



Sharon Flavin  
Director Claims Operations/Compliance  
JT2 Integrated Resources  
519 17<sup>th</sup> Street 3<sup>rd</sup> Floor  
Oakland, CA 94612  
510-844-3103

Cc: John Casas, President



April 24, 2015

VIA EMAIL, FACIMILE AND US MAIL

Anil Comelo  
Director – Human Resources  
150 Frank Ogawa Plaza  
Oakland, California 94612

Re: JT2 Integrated Resources  
Bickmore Workers' Compensation Performance Audit 2014

Dear Mr. Comelo:

I am in receipt of the Workers Compensation Performance Audit 2014 conducted by Jacquelyn Miller of Bickmore as to JT2 Integrated Resources ("JT2"). As you are aware, Bickmore released draft versions of the audit in November, 2014. After further analysis of the audit results, Bickmore released a revised final audit report on January 16, 2015. On February 23 and March 9, 2015, JT2 management met with the City and discussed audit findings, including the historical relationship between the City and JT2 which formed the basis for the audit, as well as specific areas in the audit which may be incorrect or unsupported. This letter provides our formal response to the Bickmore audit, which we request be shared with the City Council and as a formal record of our comments and response to the 2014 audit.

JT2 Integrated Resources values its longstanding relationship with the City of Oakland. JT2 stands proud of its performance for the City, including its 103.75% closing ratio of files and the significant cost savings which it has generated to benefit the City in connection with this important line item in the City's budget. The Bickmore audit is silent with regard to these positive outcomes. JT2 stands by its performance, values good faith feedback on its performance and outcomes, and as noted below has implemented strategic changes in response to some of the audit findings.

JT2 looks forward to its continuing relationship with the City. We invite discussion to enhance both the understanding of our operations as well as to strengthen our ongoing working relationship moving forward.

***Relevant Audit Background***

JT2 has been performing TPA services for the City of Oakland since 2002. When JT2 was awarded administration of the City's workers' compensation program, JT2 was considered a small, emerging TPA firm. The combination of a new relationship with the City and the fact that it is a "minority" owned firm (that would today be labeled a Small Local Emerging Business), the City decided that 10% of JT2's administrative fee payments would be held back, and payment released based on success in meeting an annual target performance rating as determined by an independent auditor. The rating was targeted at 85%. It should be noted that this arrangement was somewhat unique, but based upon JT2's commitment to serving the City and to providing excellence in its service, JT2 agreed to this initial arrangement.



## Integrated Resources

JT2 underwent an annual audit as per this unique arrangement. After repetitive successful audits and delivery of solid financial results, the City removed this administrative fee payments 'hold back' provision in 2008 as it was deemed to no longer be necessary based upon our performance, tenure and standing in the industry.

Notwithstanding the removal of the "hold back" provision, however, the City, due to a likely oversight, or possible bias, continued to schedule annual audits of JT2's performance. None of JT2's other clients require an annual audit. Furthermore, JT2 understands that the industry standard, even as articulated by one of the City's external auditing teams is for an audit to be performed every other year. Thus, JT2 invites the City to reassess the need to conduct an annual audit of this service, given the time, resources and administrative burden incurred both by the City and JT2 in this process, as well as the fact that such audits are not demanded in standard TPA contracts enjoyed by non-minority vendors.

### ***Mission Overview***

The City of Oakland's core workers' compensation mission is to deliver timely appropriate medical treatment to its injured employees, at a reasonable cost, and with the program managed in accordance with sound fiscal standards that control exposure from estimated future liabilities. The City and JT2 staffs track effectiveness through daily claims discussions, monthly and quarterly file reviews, and stewardship reports to confirm appropriate claim management while also surfacing training leads and strategic adjustments that contribute to stronger performance. Obviously this approach works.

Program results for fiscal year 2013-2014, the period addressed by this audit, show that the City and JT2 have achieved exceptional results in the major annual measures targeted. These results are surprisingly not commented on in the Bickmore audit, but merit mention here.

### ***Exceptional Performance Highlights***

JT2 takes great pride in the significant cost savings and closing ratio patterns established during the audit period. These items are not reviewed or apparently considered by the Bickmore audit, but bear great significance in evaluating JT2's performance.

The City and JT2 achieved exceptional results:

- Total claims paid were reduced by \$4.1 million (18%),
- Total reserves were reduced \$1.1 million (2.5%),
- Lost time benefits went down \$3.0 million (31.6%),
- Permanent disability benefits dropped \$1.4 million (3.8%),
- Overall indemnity benefits were reduced \$3.2 million (23.8%),
- Medical costs dropped \$2.6 million (3.7%)
- Allocated costs decreased \$680,682 (25.5%)
- 103.75% Closing Ratio achieved in comparison to the City's 100% target

These significant costs savings and closing ratios establish superior performance by JT2 in its services to the City. However, as noted, the Bickmore audit is silent as to this performance.

### ***Questionable Objectivity***

In addition to concerns raised regarding why this audit continues, it is important to note that this Bickmore audit which rates JT2 at 73% versus an 85% target is no longer relevant and is riddled with inconsistencies. The most glaring failure in the audit's compliance with the City's contracted 'Scope of Service' requirements stems from Performance Standard Two, requiring that the TPA assess a liability decision within five days. This Bickmore-imposed metric reflects an antiquated provision from past City contracts, which significantly was removed by the City in 2008. As allowed by contract, JT2 manages within the long-standing CSAC industry standard of a fourteen day setup period which recognizes that with scant information available in the early stages of a claim, reasonable time must be allowed to avoid premature decisions. A Bickmore bias is shown as it criticizes JT2 staff for having 'lost focus on the 5 day decision documentation requirement' ... with Bickmore blatantly ignoring that this is a non-contractual demand. After repeated questions regarding the relevance of this item, Bickmore and/or the City, finally conceded the error.

Reasonable questions exist regarding the audit standards and protocols which in turn likely impacted the outcomes. For example,

- Without explanation or reason, the audit changed from an in-person review to remote electronic processing, limiting the interaction between auditor and claims management. The sample size was also doubled. These material changes resulted in a disservice to all parties as non-standard entries are much more likely to be classified as errors without the proper context being clarified. Although JT2 utilized on-line services as early as 2010, it should be noted that the 2012 audit, for example, was not done "on line" as this one. An in person audit would have allowed for reasonable interaction between the auditors and JT2 representatives, and is more consistent with a standard in the industry.
- In response to JT2 submitting sixty-four objections to claims ratings, with twenty-two accepted, JT2's overall result was surprisingly reduced an additional 4% to 71%.
- Moving from the numerical to the qualitative, Bickmore criticizes personnel turnover while disregarding the fact that staffing changes are reviewed and approved by the City in advance, with the majority of replacements having been rated as more qualified than the individual being replaced. (This is further complicated by the recent recruitment of longtime JT2 employee Mary Baptiste, Oakland Claims Manager, to join the City's staff.)
- Bickmore also cites the Early Intervention/Transitional Duty program meeting program requirements at 91%, yet they violate objectivity by inappropriately citing that a decline in the effectiveness of the program may result.

It should also be noted that the audit report went through various iterations. JT2 was required to engage the City in extensive discussion concerning the early drafts, some of which were not initially provided to JT2. To the extent draft versions of this audit become a part of the public record, JT2 requests the opportunity to further comment on this audit, as it has limited its specific comments to the final version of the audit report.

***Corrective Actions and Plans Moving Forward***

JT2 has implemented improvement plans in response to some of the items listed in the audit:

**Performance Standard Five – Reserves**

The auditor commented that some claims files were under-reserved, although she did not provide a fiscal impact statement or a net over/under number. JT2 has provided extensive training to its staff on reserving. JT2 will be setting reserves based upon the most probable outcomes and pursuant to CSAC Workers Compensation Claims Administration Guidelines Section III (F) 1 through 4 and Labor Code CCR 15300 sections (4), (7), and (9). JT2 supervisors will also test random samplings of claims files to assure this methodology is consistent across all claims types which will result in an increase in the outstanding liability across the City's Workers Compensation Program.

**Performance Standard Six – Timely and accurate payments**

JT2 has implemented a more robust reconciliation process to mitigate against the comments raised in the audit on this item. This category focused on other than indemnity payments, therefore would not be subject to OBAE penalty and did not negatively impact the injured worker or the City.

**Performance Standard Seven – Active pursuit of subrogation**

It should be noted that the auditor only reviewed 3 claims and 2 of the 3 met the standard. The auditor indicated that this is a statistically insignificant number of files to accurately measure performance. JT2 will nonetheless review its protocols to ensure high performance and outcomes in this category.

**Performance Standard Eight – Updating claim file/data base inquiry**

JT2 has implemented significant changes to increase performance of the "diary" systems. Examiner diary is tracked weekly by the supervisor and overseen by the director. Training on workflow and how to prioritize activities has been extended with emphasis to maintain 100% current diary. We have also upgraded to the latest version of Systema/SIMS software which will provide greater consistency. JT2 follows CSAC Guidelines Section I (A) 1 through 2.

**Performance Standard Nine – Coordination with Contract Monitor**

JT2 notes that this received a rating of 84%. JT2 is committed to achieving a higher level of performance with regard to this line item. The audit did not recommend a performance standard, and JT2 notes that it has in the past achieve a 95% rating on this item. JT2 recommends that management meet with the City to confirm specifics upon which a standard of performance can be based.



#### Performance Standard Ten – Litigation Management

JT2 is committed to achieving a higher level of performance on litigation management, and notes that it has achieved a rating of 95% in the past, and that JT2's performance on claims, including management of litigation, has achieved a 103.75% closing ratio which strongly suggests that its management of litigation has met or exceeded this line item. JT2 recommends that management meet with the City to confirm specifics upon which a standard of performance can be based.

#### Performance Standard Twelve – Supervisory Review

JT2 has independently audited its inventory of files and noted that 95 of the 121 files met the applicable standard per the auditor. Supervisors had reviewed claims files, but did not document the claim notepad in an easily identifiable manner. With clearer supervisory documentation, JT2 will meet or exceed the standard on a going forward basis.

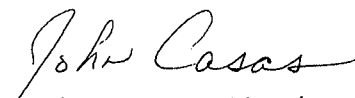
#### ***Conclusion: Audit Guidelines Should be Reassessed and JT2 Looks Forward to Exceptional Performance***

JT2 has been a longstanding partner with the City of Oakland and has demonstrated its commitment to excellence since the inception of this relationship. Despite initial concerns about partnering with a minority owned firm, thus requiring hold backs and audits as part of the early relationship, JT2 clearly and confidently earned the right to be held to standards expected of any qualified and effective TPA, without extra administrative oversight. This the City decided by its own experience and standards not later than 2008 by eliminating the hold back provision. Thus, the current audit, with questionable methodology and standards, calls into question "why" JT2 is being held to this audit and to these standards, since an annual audit is no longer required in its contract and per industry standards is not the norm.

JT2, as a steward of the public trust in this contractual relationship with the City of Oakland, also wishes to work with the City to reestablish its exceptional and good faith wonderful working relationship built over the years. JT2 is a proud Hispanic-owned firm, which has stood the test of time and industry standards. Most recently, JT2 was ranked as number 8 by the Department of Industrial Relations in that Department's audit of top TPA firms in California. JT2 is proud of that performance and believes that its records of accomplishments has been an asset to the City in performance of this contract.

We welcome the opportunity to meet with you to strengthen our ongoing working relationship moving forward. Thank you for this opportunity to comment on the 2014 audit. We look forward to a meeting at your earliest opportunity.

Respectfully,

  
John Casas, President/CEO









## Appendix E

### Actuarial Analysis of Self-Insured Workers' Compensation Program



**City of Oakland,  
California**

**Actuarial Study of the  
Self-Insured Workers Compensation Program  
as of June 30, 2014**

**November 7, 2014**

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Aon Risk Solutions | Global Risk Consulting | Actuarial and Analytics



November 7, 2014

City of Oakland  
150 Frank H. Ogawa Plaza, Second Floor  
Oakland, California 94612

Attn: Ms. Deb Grant  
Risk Manager

**Actuarial Study of the  
Self-Insured Workers Compensation Program  
as of June 30, 2014**

This study has been completed for the City of Oakland, California, for the specific objectives listed in the study. It contains the analysis and conclusions of our work.

Each section and appendix of the study is an integral part of the whole. We recommend a review of the entire study prior to reliance upon this study.

No key personnel have a relationship with the City of Oakland, California, that may impair our objectivity.

Please call if you have any questions. Thank you for the opportunity to be of service.

Respectfully submitted,

*Aon Risk Consultants, Inc.*

By Mujtaba Dato  
Mujtaba Dato, ACAS, MAAA, FCA  
Actuarial Practice Leader

MD:bc

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- B Glossary of Actuarial Terms
- C Exhibits



## I. Background

The City of Oakland (the City) was fully self-insured for workers compensation until August 1, 2004. Effective August 2, 2004, the City began purchasing excess insurance.

The history of the City's self-insured retentions for workers compensation is as shown in Table I-1.

**Table I-1**  
**Self-Insured Retentions**  
**(Workers Compensation)**

<b>Claim Period (1)</b>	<b>Self-Insured Retention (2)</b>
To 8/1/2004	Unlimited
8/2/2004 to 6/30/2008	\$1,000,000
7/1/2008 and subsequent	750,000

Note: Above information provided by the City.

A self-insured retention of \$750,000 is assumed through 2015/16.

We have not reviewed the collectibility of the excess insurance. JT2 administers the workers compensation program.

The fiscal period runs from July 1 through June 30.

### **Data**

Loss data valued as of June 30, 2014 was provided to us by the City. The City also provided payroll for fiscal year 2013/14. Payroll projections are based on a 1% trend.

In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis. Any material discrepancies discovered in the loss or exposure data by the City or any other parties should be reported to us immediately, and if warranted, we will make appropriate amendments to the report.

Consistent with the prior study, we have combined several claims from 2009 into one occurrence that was identified by the City.

## II. Objectives

The specific objectives of this study are:

1. **Estimate Outstanding Losses.** Estimate outstanding losses (including allocated loss adjustment expenses [ALAE]) as of June 30, 2014.

The estimated outstanding losses are the cost of unpaid claims. The estimated outstanding losses include case reserves, the development of known claims and incurred but not reported (IBNR) claims. ALAE are the direct expenses for settling specific claims. The amounts are limited to the self-insured retention.

2. **Project Ultimate Losses.** Project ultimate losses (including ALAE) for 2014/15 and 2015/16.

The projected ultimate losses are the accrual value of losses with accident dates during 2014/15 and 2015/16, regardless of report or payment date. The amounts are limited to the self-insured retention.

3. **Project Losses Paid.** Project losses paid during the 2014/15 and 2015/16 years.

The projected losses paid are the claim disbursements during 2014/15 and 2015/16, regardless of accident or report date. The amounts are limited to the self-insured retention.

4. **Size of Loss Distribution Analysis.** Analyze the distribution of losses in various layers.

5. **Affirm GASB Statement No. 10.** Provide a statement affirming the conclusions of this report are consistent with Governmental Accounting Standards Board (GASB) Statement No. 10.



### III. Conclusions

We have reached the following conclusions:

#### 1. Estimate Outstanding Losses

We estimate outstanding losses as of June 30, 2014 to be as shown in Table III-1.

**Table III-1  
Estimated Outstanding Losses  
at Expected (50%) Confidence Level  
June 30, 2014**

<b>Item (1)</b>	<b>Amount (2)</b>
(A) Estimated outstanding losses	\$83,483,694
(B) Present value of estimated outstanding losses	73,272,882

Note: (A) and (B) are from Exhibit WC-11.

The estimated outstanding losses increased by \$2.9 million, compared to our prior estimate as of June 30, 2013, which was \$80,596,284. This change is primarily due to an increase in the reported case reserves, which increased by \$2.8 million from June 30, 2013 to June 30, 2014.

The present value of the estimated outstanding losses is the amount of money, discounted for anticipated investment income, required to meet unpaid claims. It is calculated based on a 2.5% yield on investments, as provided by the City.

The estimated outstanding losses reflect the excess insurance maintained by the City.

GASB Statement No. 10 requires public entities to recognize the impact of all benefits paid for work-related injuries.

The implementation guide for GASB Statement No. 10 specifies that a liability for outstanding unallocated loss adjustment expenses (ULAE) needs to be established for governmental entities. ULAE are primarily composed of future claims administration for open claims. They are typically 5% to 10% of the estimated outstanding losses.

'4850' benefits are a full-salary (12 months) benefit for safety personnel. They are typically about 5% of the estimated outstanding losses.



## 2. Project Ultimate Losses

We project ultimate losses for 2014/15 and 2015/16 to be as shown in Tables III-2A and III-2B.

**Table III-2A  
Projected Ultimate Losses  
2014/15**

<b>Item (1)</b>	<b>Projected Payroll (000) (2)</b>	<b>Loss Rate per \$100 of Payroll (3)</b>	<b>Projected Ultimate Losses (4)</b>
(A) Full Value	\$377,186	\$6.63	\$24,999,000
(B) Present Value	377,186	5.96	22,489,000

Note: (A) and (B) are from Exhibit WC-10.

**Table III-2B  
Projected Ultimate Losses  
2015/16**

<b>Item (1)</b>	<b>Projected Payroll (000) (2)</b>	<b>Loss Rate per \$100 of Payroll (3)</b>	<b>Projected Ultimate Losses (4)</b>
(A) Full Value	\$380,958	\$6.83	\$26,007,000
(B) Present Value	380,958	6.14	23,396,000

Note: (A) and (B) are from Exhibit WC-10.

The present value of the projected ultimate limited losses is the amount of money, discounted for anticipated investment income, required to meet claims. It is calculated based on a 2.5% yield on investments, as provided by the City.

All costs other than losses are additional.





### 3. Project Losses Paid

We project losses paid during 2014/15 and 2015/16 to be as shown in Table III-3.

**Table III-3**  
**Projected Losses Paid**  
**2014/15 and 2015/16**

<b>Item</b> <b>(1)</b>	<b>2014/15</b> <b>(2)</b>	<b>2015/16</b> <b>(3)</b>
(A) Projected losses paid	\$21,118,908	\$22,429,731

Note: (2) is from Exhibit WC-12.  
(3) is from Exhibit WC-13.

We note that there are two large open claims with case reserves greater than \$1 million (on an unlimited basis). We have assumed that these claims will be paid out according to the selected payment pattern anticipated in this report. If these claims are paid out in a lump sum, or in any manner different than the selected pattern, the projected loss payments shown in Table III-3 may vary from expected payments.

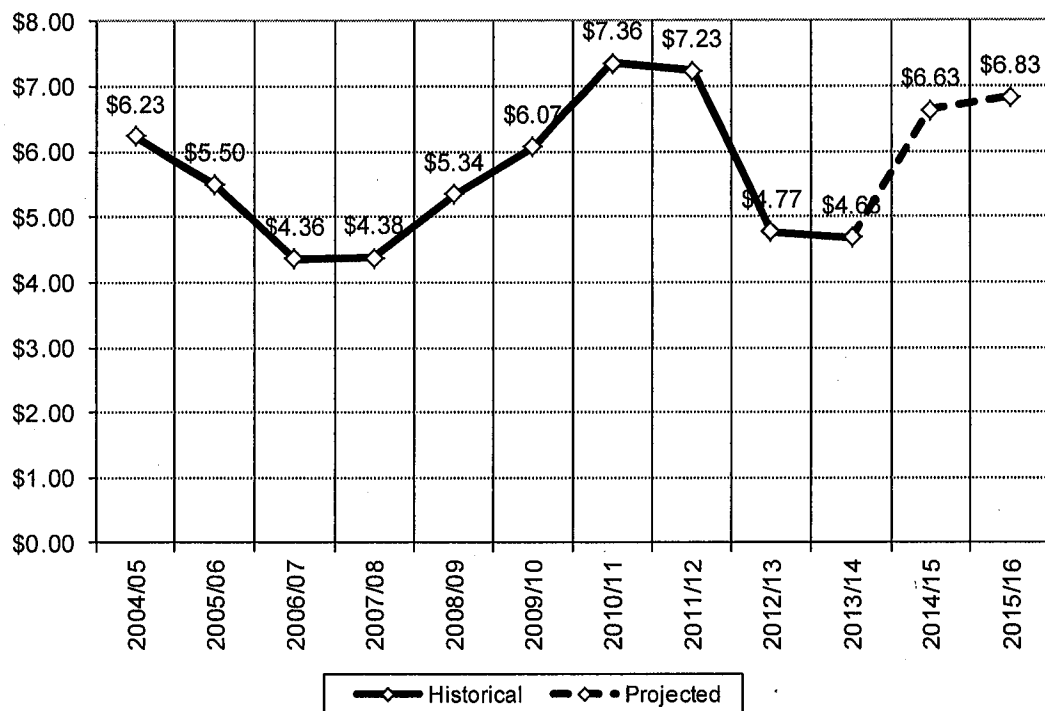
All costs other than losses are additional.



### Loss Experience Trends

Graphs III-1 and III-2 show loss experience trends for workers compensation as measured by loss rate per \$100 of payroll and frequency and severity, respectively.

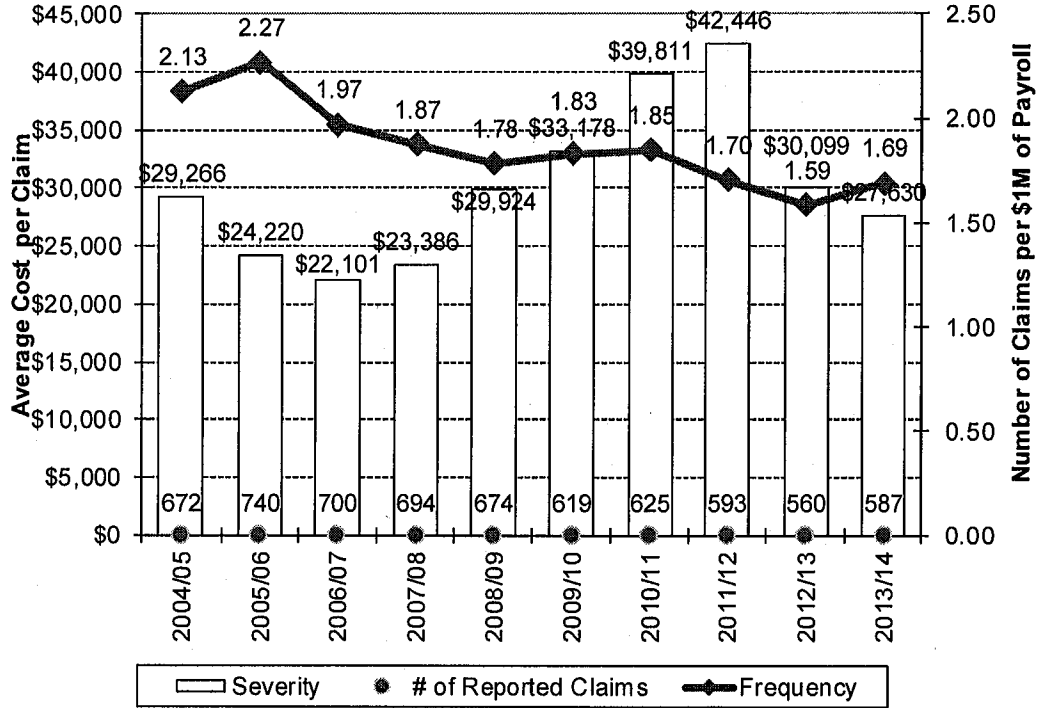
**Graph III-1**  
**Loss Rate per \$100 of Payroll**  
**(Workers Compensation)**



Note: Loss rates per \$100 of payroll are from Exhibit WC-10, columns (4) and (7).

We note that the loss experience of 2012/13 and 2013/14 is favorable because there are fewer claims over \$50,000 than there has been historically. A size of loss distribution is provided in Exhibit WC-16.

**Graph III-2  
Frequency and Severity  
(Workers Compensation)**

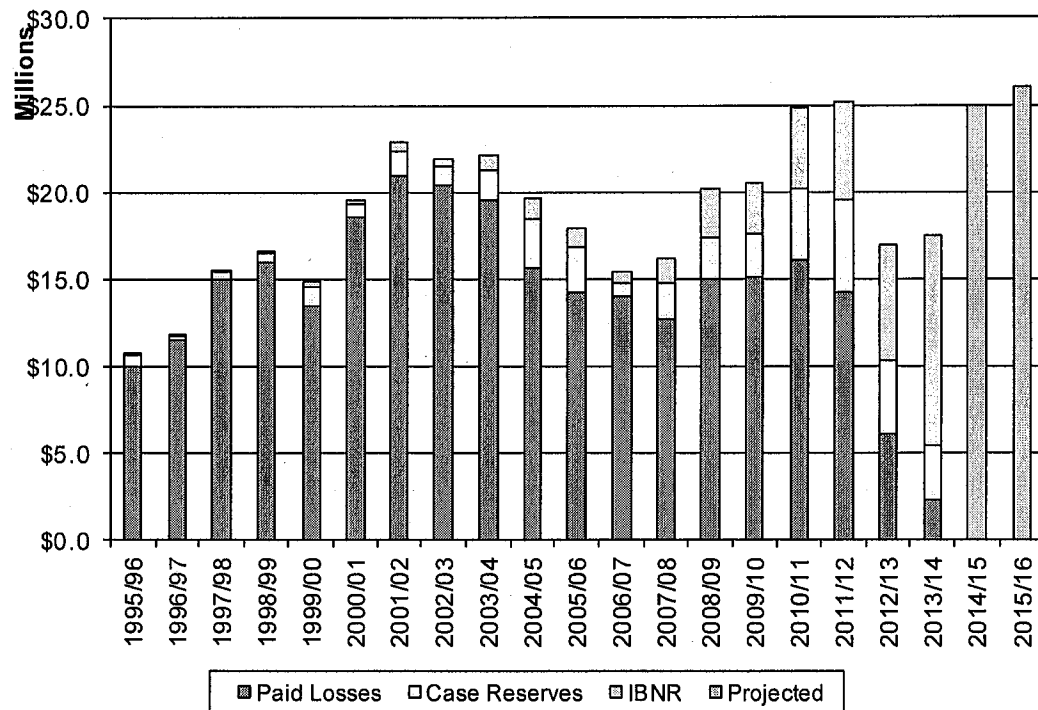


Note: Frequency amounts are from Exhibit WC-8, Section I, column (7).  
Severity amounts are based on Exhibits WC-8 and WC-9.



Graph III-3 shows the composition of the projected ultimate limited losses for workers compensation.

**Graph III-3**  
**Composition of Projected Ultimate Limited Losses**  
*(Workers Compensation)*



Note: Amounts through 2013/14 are from Exhibit WC-11.  
 Amounts for 2014/15 and 2015/16 are from Exhibit WC-10.

A list of large claims with limited reported incurred losses \$500,000 or greater as of June 30, 2014 is as shown in Exhibit WC-15.



#### 4. Size of Loss Distribution Analysis

Table III-4 shows the distribution of losses in various layers for workers compensation.

**Table III-4**  
**Size of Loss Distribution**  
**(Workers Compensation)**

Layer (1)	Total Reported Claims (2)	Percent of Total (2)/Total(2) (3)	Cumulative Percent of Total (4)	Total Reported Incurred Losses (5)	Percent of Total (5)/Total(5) (6)	Cumulative Percent of Total (7)
(A) \$1 to \$5,000	25,412	78.2%	78.2%	\$21,633,565	4.8%	4.8%
(B) \$5,000 to \$10,000	1,748	5.4%	83.6%	12,316,041	2.7%	7.5%
(C) \$10,000 to \$25,000	3,045	9.4%	93.0%	74,348,803	16.4%	23.9%
(D) \$25,000 to \$50,000	1,040	3.2%	96.2%	73,642,487	16.3%	40.2%
(E) \$50,000 to \$100,000	986	3.0%	99.2%	152,384,501	33.6%	73.8%
(F) \$100,000 to \$250,000	192	0.6%	99.8%	63,922,426	14.1%	87.9%
(G) \$250,000 to \$500,000	36	0.1%	99.9%	21,635,950	4.8%	92.7%
(H) \$500,000 to \$750,000	10	0.0%	100.0%	8,483,359	1.9%	94.6%
(I) \$750,000 to \$1,000,000	8	0.0%	100.0%	10,223,436	2.3%	96.8%
(J) Over \$1,000,000	4	0.0%	100.0%	14,461,007	3.2%	100.0%
(K) Total (A) ... (J)	32,481	100%		\$453,051,576	100%	

Note: See Exhibit WC-16. Claim counts exclude claims with incurred value of \$0.

For workers compensation, about 84% of the non-zero claims reported are below \$10,000 and represent about 7% of the incurred amounts. The remaining 16% of the claims consume about 93% of the incurred amounts.

A size of loss distribution by year and loss layer as of June 30, 2014 is as shown in Exhibit WC-16.

#### 5. Affirm GASB Statement No. 10

We affirm the conclusions of this report are consistent with GASB Statement No. 10.

**Conditions and Limitations**

It is important to understand the conditions and limitations listed below. Each chapter and section is an integral part of the whole study. If there are questions, please contact Aon for clarification.

- **Data Quality** In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis. Any material discrepancies discovered in the loss data by the organization or any other parties should be reported to us immediately, and if warranted, we will make appropriate amendments to the report.
- **Economic Environment.** Unless otherwise stated, we assumed the current economic conditions will continue in the foreseeable future.
- **Insurance Coverage.** Unless otherwise stated, we assumed no insurance coverage changes (including coverage provided by the organization to others) subsequent to the date this study was prepared. This includes coverage language, self-insured retention, limitations and similar issues.
- **Insurance Solvency.** Unless otherwise stated, we assumed all insurance purchased by the organization is from solvent sources payable in accordance with terms of the coverage document.
- **Interest Rate.** The exhibits specify the annual interest rate used.
- **Methodology.** In this study, different actuarial methods were applied. In some instances, the methods yield significantly disparate results. The estimates, projections and recommendations in this study reflect our judgments as to the best method or combination of methods that are most reliable and reflective of the exposure to loss.
- **Reproduction.** Use of this report is limited to the organization for the specific purpose described in the Introduction section. Other uses are prohibited without an executed release with Aon.

Distribution by the organization is unrestricted. The report should only be distributed in its entirety including all supporting exhibits.

- **Risk and Variability.** Insurance is an inherently risky enterprise. Actual losses may vary significantly from our estimates, projections and recommendations. They may emerge higher or lower.



- **Statutory and Judicial Changes.** Legislatures and judiciaries may change statutes that govern indemnification. This includes benefit levels for workers compensation, immunities and limitations for liability, and other similar issues. Unless otherwise stated, we assumed no statutory changes subsequent to the date this study was prepared.
- **Supplemental Data.** In addition to the data provided by the organization, we supplemented our analysis with data from similar organizations and insurance industry statistics, as we deemed appropriate.
- **Usage.** This study has been prepared for the usage of the organization shown on the transmittal page. It was not prepared for and may not be appropriate for use by other organizations. Other organizations should obtain written permission from Aon prior to use of this study.

## Glossary of Actuarial Terms

### Actuarial Methods (Most Common)

A major objective of an actuarial study is to statistically project ultimate losses. The following actuarial methods are the most common:

- Developed Paid Losses
- Developed Reported Incurred Losses
- Developed Case Reserves
- Frequency Times Severity Analysis
- Loss Rate Analysis

The following describes each method:

1. **Developed Paid Losses.** Paid losses represent the amounts actually paid to claimants (less excess insurance recoveries). As time goes on, loss payments continue until all claims are closed and there are no remaining payments expected. At this time, the ultimate losses for the claim period are known. This common process is called "paid loss development."

Paid loss development is an extrapolation of actual dollars paid. It does not depend on case reserve estimates. A potential shortcoming of utilizing this method is that only a small fraction of total payments have been made for the most recent claim periods. Extrapolating ultimate losses based on small amounts of actual payments may be speculative. A second potential shortcoming is that payment patterns can change over time.

2. **Developed Reported Incurred Losses.** Reported incurred losses are paid losses plus case reserves. In most programs, total reported incurred losses underestimate the ultimate losses. Over time, as more information about a body of claims becomes known, they are adjusted either up or down until they are closed. Though many individual claims settle for less than what was estimated, these decreases are generally more than offset by increases in the cost of other claims for which new information has emerged.

The net effect is that total estimated costs are often revised upward over time. This normal process is called "reported incurred loss development." Actuaries typically review the development patterns of the recent past to make projections of the expected future loss development and, therefore, estimations of ultimate losses.

3. **Developed Case Reserves.** A case reserve is an estimate of the unpaid amount established by claims adjusters for which a particular claim will ultimately be settled or adjudicated. The developed case reserves method is a hybrid of the paid loss development and reported incurred loss development methods. It relies on the historical adequacy of case reserves to predict ultimate losses.





4. **Frequency Times Severity Analysis.** The frequency times severity analysis is an actuarial method that uses a preliminary projection of ultimate losses to project claims severity. The claims severity times the number of claims is a predictor of ultimate losses. The focus of the frequency times severity analysis is that ultimate losses each period are dependent on the number of claims.
5. **Loss Rate Analysis.** The loss rate analysis is based on the historical loss rates per exposure unit (such as payroll, vehicles or property value). The loss rates (projected ultimate losses divided by exposure units) are trended to reflect the effect of claim cost inflation and retention changes. The trended loss rates represent the rates that one would see if all of the claims had been handled in the claim cost environment that will be present in the upcoming period. The trended loss rate times the projected exposure units is a predictor of losses.
6. **Bornhuetter-Ferguson Method (B-F).** The B-F method is an actuarial method that weights a preliminary projection of ultimate losses with projections of ultimate losses determined by other actuarial methods (usually the developed paid losses and developed reported incurred losses methods). For less mature claim periods, the B-F method leans more heavily to the preliminary projection. It gradually converges to the projections of ultimate losses determined by the other actuarial methods as the claim periods mature.

### **Actuary**

A specialist trained in mathematics, statistics, and finance who is responsible for rate, reserve, and dividend calculations and other statistical studies.

### **Allocated Loss Adjustment Expenses**

Allocated loss adjustment expenses (ALAE) are the direct expenses to settle specific claims. These expenses are primarily legal expenses.

Governmental Accounting Standards Board (GASB) Statement No. 10 requires that ALAE be included in financial statements and that they be calculated by actuarial methods.

### **American Academy of Actuaries**

A society concerned with the development of education in the field of actuarial science and with the enhancement of standards in the actuarial field. Members may use the designation MAAA (Member, American Academy of Actuaries).

### **Benefits**

The financial reimbursement and other services provided insureds by insurers under the terms of an insurance contract. An example would be the benefits listed under a life or health insurance policy or benefits as prescribed by a workers compensation law.



### **Casualty Actuarial Society**

A professional society for actuaries in areas of property and casualty insurance work. This society grants the designation of Associate of the Casualty Actuarial Society (ACAS) and Fellow of the Casualty Actuarial Society (FCAS).

### **Claim**

Demand by an individual or entity to recover for a loss.

### **Claims Made**

A policy written on this basis covers only those claims that are made during the policy period. Coverage for prior acts is provided back to what is known as the retroactive date, which is the effective date of the original claims made policy with the same insurer.

### **Composite Rate**

A single rate with a single basis of premium (e.g., payroll or sales). For this single rate the insured is covered for a variety of hazards, such as premises and operations, completed operations, products liability, and automobile. Its primary value is to compute premium simply.

### **Confidence Level**

A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, an 80% confidence level means that the actuary believes funding will be sufficient in eight years out of ten.

Confidence levels are determined based on mathematical models. Coverages that are low frequency and high severity (such as excess liability) are subject to greater risk than coverages that are high frequency and low severity (such as automobile physical damage). Therefore, they need a greater margin to attain a given confidence level.

### **Coverage**

The scope of the protection provided under a contract of insurance.

### **Credibility**

Credibility is the belief that the sample data is an accurate reflection of the larger population. Credibility is highest when the sample data is large and the standard deviation (discussed later) of the larger population is low.



### **Dates**

There are at least three milestone dates in a claim. They are the date of injury or accident, the date of report and the date of closure. It is best if each of these dates is recorded. Some organizations may also keep the date a claim becomes a lawsuit, as opposed to a demand. Aon recommends this additional level of detail, especially if the data is to be used for litigation management.

### **Deductible**

The portion of an insured loss to be borne by the insured before he is entitled to recovery from the insurer. Deductibles may be expressed as a dollar amount, percentage or waiting period.

### **Disability**

A condition that curtails a person's ability to carry on his normal pursuits. A disability may be partial or total, and temporary or permanent.

### **Dividend (Policyholder)**

The return of part of the premium paid for a policy issued on a participating basis by either a mutual or a stock insurer.

### **Estimated Outstanding Losses**

Estimated outstanding losses are the cost of claims that have occurred but have not yet been paid. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE).

Estimated outstanding losses are calculated as projected ultimate losses less paid losses. Alternatively, they are the sum of case reserves and incurred but not reported (IBNR) claims.

Estimated outstanding losses are usually the largest single item listed as a liability on the balance sheet of a public entity's financial statement. GASB Statement No. 10 requires they be calculated by actuarial methods. Other common names for estimated outstanding losses are outstanding claims liabilities and unpaid claims.

### **Experience Rating**

A method of adjusting the premium for a risk based on past loss experience for that risk compared to loss experience for an average risk.



## **Exposure Data**

Exposure data refers to the activities of the organization. For example, payroll is the most common exposure measure for workers compensation. Aon suggests collecting exposure data with the following characteristics:

- **Readily Available.** The exposure data should be easily obtained. It is best if it is a byproduct of other activities, although this is not always possible. If getting data is arduous, it may discourage collection.
- **Vary With Losses.** The exposure data should correlate directly with losses. The ideal situation is where exposure and expected losses move in tandem. The exposure base needs to be fitting to the coverage. For example, the number of employees may vary with property losses (more employees = more office space = more losses), but property value is a clearly superior exposure base for property losses.

## **Generally Accepted Accounting Principles (GAAP)**

These principles are intended to produce financial results (in the insurance industry) consistent with those of other industries and to assure consistency in financial reporting.

## **Incurred But Not Reported**

IBNR is really comprised of two distinct items. These are the development of known case reserves (incurred but not enough reported [IBNER] and incurred but not yet reported [IBNYR]).

IBNER are the actuary's estimate of the inadequacy of case reserves. Most claims settle at amounts close to what is set by the claims administrator. Some claims close favorably and some emerge as more expensive. On balance, case reserves tend to be too low (especially for recent years). IBNER is the actuary's estimate of the amount total case reserves will rise upon closure.

IBNYR refers to those claims that have occurred, but have not yet been reported. A classic example is medical malpractice claim reported several years after the medical procedure was performed.

## **Insurance Services Office (ISO)**

An organization of the property and casualty insurance business designed to gather statistics, promulgate rates, and develop policy forms.

## **Investment Income**

The return received by entities from their investment portfolios, including interest, dividends and realized capital gains on stocks. Realized capital gains means the profit realized on



assets that have actually been sold for more than their purchase price.

### **Limited**

Most programs purchase excess insurance for catastrophic claims. For example, they may purchase coverage for claims above a \$500,000 per occurrence self-insured retention. "Limited" refers to an estimate or projection being limited to the self-insured retention. In contrast, "unlimited" means a loss projection not limited to the self-insured retention.

Other common names for limited are net of excess insurance or capped losses.

### **Loss Development**

The difference between the amount of losses initially estimated by the insurer and the amount reported in an evaluation on a later date. Loss development is typically measured for paid losses, reported incurred losses and claim counts.

### **Manual Rates**

Usually, the published rate for some unit of insurance. An example is in the workers compensation manual, where the rates shown apply to each \$100 of the payroll of the insured, \$100 being the "unit."

### **National Council on Compensation Insurance (NCCI)**

An association of workers compensation insurance companies whose main functions are collecting statistics and calculating rates, establishing policy wording, developing experience and retrospective rating plans, and serving as the filing organization for member companies.

### **Net**

Many pooling programs assign deductibles to members. For example, each member may have a \$5,000 per claim deductible. "Net" refers to a loss estimate or projection that excludes amounts below member deductibles.

### **Occurrence**

An event that results in an insured loss. In some lines of insurance, such as general liability, it is distinguished from accident in that the loss does not have to be sudden and fortuitous and can result from continuous or repeated exposure that results in bodily injury or property damage neither expected nor intended by the insured.



## **Pool**

An organization of entities through which particular types of risks are written with the premiums, losses, and expenses shared in agreed amounts among the members belonging to the organization.

## **Premium**

The price of insurance protection for a specified risk for a specified period of time.

## **Present Value**

The amount of money that future amounts receivable are currently worth. For example, a Life Insurance policy may provide for payments to be made monthly for ten years. The present value of that money would be less than the total amount of the regular periodic payments for 10 years because of the amount of interest that a present lump sum could earn during the term than the payments otherwise would have been made.

## **Probability**

The probability is the likelihood of an event. It is a measure of how likely a value or event is to occur. It can be measured from data by calculating the number of occurrences of the value or event divided by the total number of occurrences. This calculation can be converted to a percentage. For example, tossing a coin has a 50% probability of heads or tails.

## **Projected Losses Paid**

Projected losses paid are the projected claims disbursements in a period, regardless of when the claim occurred. They typically include indemnification and ALAE, but not unallocated loss adjustment expenses (ULAE).

"Projected losses paid" is a cash-flow analysis that can be used in making investment decisions.

## **Projected Ultimate Losses**

Projected ultimate losses are the accrual value of claims. They are the total amount that is expected to be paid in a particular claim period after all claims are closed. Projected ultimate losses are the total loss costs for a particular period. They typically include indemnification and ALAE, but not ULAE.

Other common names for projected ultimate losses are expected losses, ultimate losses and total losses.



### **Rate**

The cost of a given unit of insurance. For example, in life insurance, it is the price of \$1,000 of the face amount. In property insurance, it is the rate per \$100 of value to be insured. The premium is the rate multiplied by the number of units of insurance purchased.

### **Retrospective Rating**

A method for which the final premium is not determined until the end of the coverage period, and is based on the insured's own loss experience for that same period. It is usually subject to a maximum and minimum premium. A plan of this type can be used in various types of insurance, especially workers compensation and liability, and is usually elected by only very large insureds.

### **Salvage**

Property taken over by an entity to reduce its loss. Automobile physical damage losses can be reduced by the sale of recovered vehicles.

### **Schedule Rating**

The application of debits or credits within established ranges for various characteristics of a risk according to an established schedule of items. Under liability and automobile insurance, the schedule rating plan allows credits and debits for various good or bad features of a particular commercial risk. An example in automobile schedule rating would be allowing credits for driver training classes or fleet maintenance programs.

### **Self-Insurance Retention (SIR)**

That portion of a risk or potential loss assumed by an insured. It is often in the form of a per occurrence deductible.

### **Society of Actuaries (SOA)**

A professional society for actuaries in areas of pensions, and life and health insurance work. The SOA grants the designation Associate of the Society of Actuaries (ASA) and Fellow of the Society of Actuaries (FSA).

### **Standard Premium**

Most often used in connection with retrospective rating for Workers Compensation and General Liability Insurance. It is the premium of which the basic premium is a percentage and is developed by applying the regular rates to an insured's pay roll.



### **State Fund**

A fund set up by a state government to finance a mandatory insurance system, such as Workers Compensation or non-occupational disability benefits. Such a fund may be monopolistic, i.e., purchasers of the type of insurance required must place it in the state fund; or it may be competitive, i.e., an alternative to private insurance if the purchaser desires to use it.

### **Statutory Accounting Principles (SAP)**

Those principles required by statute that must be followed by an insurance company or other similar entity when submitting its financial statement to the state insurance department. Such principles differ from (GAAP) in some important respects. For one thing SAP requires that expenses must be recorded immediately and cannot be deferred to track with premiums as they are earned and taken into revenue.

### **Unallocated Loss Adjustment Expenses**

Unallocated loss adjustment expenses (ULAE) are the indirect expenses to settle claims. These expenses are primarily administration and claims handling expenses.

GASB Statement No. 10 requires that ULAE be included in financial statements and that they be calculated by actuarial methods.



**Exhibits**

The attached exhibits detail our analysis.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-1 (page 1)

Data Summary as of June 30, 2014  
Losses Limited to Self-Insured Retention

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/14 (4)	Payroll (000) (5)	Reported Claims 6/30/14 (6)	Open Claims 6/30/14 (7)	Limited Paid Losses 6/30/14 (8)	Limited Case Reserves 6/30/14 (9)	Limited Reported Incurred Losses 6/30/14 (10)
to 1994/95	See Note	None	240.0	Not Provided	19,552	76	\$131,949,399	\$3,558,870	\$135,506,268
1995/96	Unlimited	None	228.0	Not Provided	1,058	10	9,972,173	699,659	10,671,832
1996/97	Unlimited	None	216.0	Not Provided	1,051	5	11,562,805	167,699	11,730,504
1997/98	Unlimited	None	204.0	Not Provided	1,042	19	14,966,431	401,792	15,368,223
1998/99	Unlimited	None	192.0	Not Provided	1,025	14	15,953,452	558,070	16,509,522
1999/00	Unlimited	None	180.0	256,973	1,067	19	13,517,057	1,048,848	14,565,905
2000/01	Unlimited	None	168.0	273,627	1,107	14	18,608,321	718,584	19,326,905
2001/02	Unlimited	None	156.0	293,519	1,006	16	20,923,064	1,397,881	22,320,944
2002/03	Unlimited	None	144.0	305,541	919	28	20,357,764	1,086,925	21,444,689
2003/04	Unlimited	None	132.0	307,406	769	31	19,578,006	1,641,492	21,219,498
2004/05	1,000,000	None	120.0	315,491	672	28	15,626,609	2,778,017	18,404,626
2005/06	1,000,000	None	108.0	326,085	740	30	14,276,321	2,529,665	16,805,986
2006/07	1,000,000	None	96.0	354,814	700	24	14,030,648	740,915	14,771,563
2007/08	1,000,000	None	84.0	370,278	694	40	12,662,095	2,060,974	14,723,070
2008/09	750,000	None	72.0	377,769	674	56	14,960,274	2,411,758	17,372,032
2009/10	750,000	None	60.0	338,407	619	61	15,064,578	2,521,937	17,586,514
2010/11	750,000	None	48.0	338,298	625	108	16,083,264	4,152,162	20,235,426
2011/12	750,000	None	36.0	348,514	593	140	14,195,912	5,298,219	19,494,132
2012/13	750,000	None	24.0	355,748	560	141	6,100,196	4,252,990	10,353,185
2013/14	750,000	None	12.0	373,451	587	202	2,367,939	3,063,237	5,431,176
Total					35,060	1,062	\$402,776,308	\$41,085,695	\$443,862,003

\* The specific self-insured retention changes are as follows:

Effective Date	Retention
01/00/00	Unlimited
08/02/04	1,000,000
07/01/08	750,000

(8), (9) and (10) are net of the specific self-insured retention and other recoveries.

Data was provided by the City.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-1 (page 2)

Data Summary as of June 30, 2014  
Unlimited Losses

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/14 (4)	Payroll (000) (5)	Reported Claims 6/30/14 (6)	Open Claims 6/30/14 (7)	Unlimited Paid Losses 6/30/14 (8)	Unlimited Case Reserves 6/30/14 (9)	Unlimited Reported Incurred Losses 6/30/14 (10)
to 1994/95	Unlimited	None	240.0	Not Provided	19,552	76	\$131,956,655	\$3,556,870	\$135,513,524
1995/96	Unlimited	None	228.0	Not Provided	1,058	10	9,997,166	699,659	10,696,825
1996/97	Unlimited	None	216.0	Not Provided	1,051	5	11,567,805	167,699	11,735,504
1997/98	Unlimited	None	204.0	Not Provided	1,042	19	14,987,497	401,792	15,389,289
1998/99	Unlimited	None	192.0	Not Provided	1,025	14	15,980,433	556,070	16,536,503
1999/00	Unlimited	None	180.0	256,973	1,067	19	13,751,171	1,048,848	14,800,020
2000/01	Unlimited	None	168.0	273,627	1,107	14	18,704,797	718,584	19,423,381
2001/02	Unlimited	None	156.0	293,519	1,006	16	21,103,042	1,397,881	22,500,923
2002/03	Unlimited	None	144.0	305,541	919	28	20,473,327	1,086,925	21,560,252
2003/04	Unlimited	None	132.0	307,406	769	31	20,153,297	1,641,492	21,794,788
2004/05	Unlimited	None	120.0	315,491	672	28	15,796,433	3,475,330	19,271,764
2005/06	Unlimited	None	108.0	326,085	740	30	14,380,153	5,186,395	19,566,547
2006/07	Unlimited	None	96.0	354,814	700	24	14,150,365	740,915	14,891,280
2007/08	Unlimited	None	84.0	370,278	694	40	12,845,228	2,339,496	15,184,724
2008/09	Unlimited	None	72.0	377,769	674	56	17,883,212	2,675,028	20,558,240
2009/10	Unlimited	None	60.0	338,407	619	61	15,350,470	2,891,733	18,042,203
2010/11	Unlimited	None	48.0	338,298	625	108	16,112,131	4,152,162	20,264,293
2011/12	Unlimited	None	36.0	348,514	593	140	14,234,615	5,298,219	19,532,835
2012/13	Unlimited	None	24.0	355,748	580	141	6,101,412	4,252,990	10,354,401
2013/14	Unlimited	None	12.0	373,451	587	202	2,367,939	3,063,237	5,431,176
<b>Total</b>					<b>35,060</b>	<b>1,062</b>	<b>\$407,897,148</b>	<b>\$45,151,326</b>	<b>\$453,048,474</b>

(8), (9) and (10) are gross of the specific self-insured retention and other recoveries.

Data was provided by the City.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-2 (page 1)

Summary of Percent Losses Paid, Losses Reported and Claims Reported

Months of Development (1)	Percent Losses Paid (2)	Percent Losses Reported (3)	Percent Claims Reported (4)	Months of Development (5)	Percent Losses Paid (6)	Percent Losses Reported (7)	Percent Claims Reported (8)
360.0	99.9%	100.0%	100.0%	354.0	99.8%	100.0%	100.0%
348.0	99.8%	100.0%	100.0%	342.0	99.8%	100.0%	100.0%
336.0	99.7%	100.0%	100.0%	330.0	99.7%	100.0%	100.0%
324.0	99.6%	100.0%	100.0%	318.0	99.5%	100.0%	100.0%
312.0	99.4%	100.0%	100.0%	306.0	99.3%	100.0%	100.0%
300.0	99.2%	100.0%	100.0%	294.0	99.0%	100.0%	100.0%
288.0	98.9%	100.0%	100.0%	282.0	98.6%	100.0%	100.0%
276.0	98.4%	100.0%	100.0%	270.0	98.0%	100.0%	100.0%
264.0	97.7%	100.0%	100.0%	258.0	97.2%	100.0%	100.0%
252.0	96.7%	100.0%	100.0%	246.0	96.0%	99.9%	100.0%
240.0	95.2%	99.9%	100.0%	234.0	95.1%	99.8%	100.0%
228.0	94.9%	99.7%	100.0%	222.0	94.8%	99.6%	100.0%
216.0	94.6%	99.5%	100.0%	210.0	94.4%	99.3%	100.0%
204.0	94.3%	99.2%	100.0%	198.0	94.1%	99.1%	100.0%
192.0	93.9%	99.0%	100.0%	186.0	93.6%	98.8%	100.0%
180.0	93.3%	98.6%	100.0%	174.0	93.0%	98.4%	100.0%
168.0	92.6%	98.2%	100.0%	162.0	92.2%	97.9%	100.0%
156.0	91.7%	97.7%	100.0%	150.0	91.1%	97.3%	100.0%
144.0	90.5%	97.0%	100.0%	138.0	89.8%	96.6%	100.0%
132.0	89.1%	96.2%	100.0%	126.0	88.2%	95.7%	100.0%
120.0	87.3%	95.3%	100.0%	114.0	86.3%	94.6%	100.0%
108.0	85.2%	93.9%	100.0%	102.0	84.0%	92.9%	100.0%
96.0	82.7%	92.0%	100.0%	90.0	81.1%	91.0%	100.0%
84.0	79.5%	90.0%	100.0%	78.0	77.8%	88.4%	100.0%
72.0	76.1%	86.9%	100.0%	66.0	74.0%	85.3%	100.0%
60.0	71.8%	83.8%	100.0%	54.0	69.1%	82.2%	100.0%
48.0	66.5%	80.5%	100.0%	42.0	61.9%	78.3%	99.9%
36.0	57.3%	76.0%	99.8%	30.0	49.9%	71.2%	99.6%
24.0	42.5%	66.4%	99.3%	18.0	29.7%	52.7%	96.1%
12.0	17.0%	39.0%	92.8%	6.0	8.5%	19.5%	46.4%

(2) is from Exhibit WC-2 (page 2).

(3) is from Exhibit WC-2 (page 3).

(4) is from Exhibit WC-2 (page 4).

(6), (7) and (8) are interpolated, based on (2), (3) and (4), respectively.

CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-2 (page 2)

Historical Limited Paid Losses (\$000) and Limited Paid Loss Development

I. Historical Limited Paid Losses (\$000)

Claim Period	Months of Development:																				
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	
to 1994/95																					
1995/96													9,245	9,297	9,419	9,463	\$125,356	\$126,852	\$128,058	\$131,949	
1996/97												11,208	11,332	11,468	11,512	11,544	11,556	11,563	9,972		
1997/98											13,950	14,063	14,311	14,672	14,823	14,894	14,986				
1998/99										15,061	15,160	15,422	15,609	15,731	15,864	15,953					
1999/00									12,690	12,925	13,044	13,155	13,223	13,310	13,517						
2000/01								17,498	17,835	18,095	18,243	18,384	18,520	18,608							
2001/02							18,378	18,963	19,678	20,043	20,442	20,700	20,923								
2002/03						16,745	17,702	18,322	18,692	19,444	19,819	20,358									
2003/04					15,966	16,776	17,253	18,274	18,603	19,046	19,578										
2004/05				11,109	12,288	13,255	14,081	14,562	15,529	15,627											
2005/06			9,239	10,733	11,925	12,719	13,209	13,887	14,276												
2006/07		7,705	10,428	12,123	12,969	13,467	13,788	14,031													
2007/08	3,274	6,798	9,061	10,643	11,516	12,147	12,662														
2008/09	3,500	8,732	11,787	13,716	14,403	14,960															
2009/10	3,877	9,024	12,032	13,699	15,065																
2010/11	4,975	10,288	13,545	16,083																	
2011/12	2,977	10,326	14,196																		
2012/13	2,401	6,100																			
2013/14	2,368																				

II. Limited Paid Loss Development

Claim Period	Months of Development:																				
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult	
to 1994/95																					
1995/96													1,006	1,013	1,005	1,009	1,013	1,031	1,030		
1996/97												1,011	1,012	1,004	1,003	1,001	1,001	1,001	1,001		
1997/98											1,008	1,018	1,025	1,010	1,005	1,006					
1998/99										1,007	1,017	1,012	1,008	1,008	1,006						
1999/00									1,018	1,009	1,009	1,005	1,007	1,016							
2000/01								1,019	1,015	1,008	1,008	1,007	1,005								
2001/02							1,032	1,038	1,019	1,020	1,013	1,011									
2002/03						1,057	1,035	1,020	1,040	1,019	1,027										
2003/04					1,051	1,028	1,059	1,018	1,024	1,028											
2004/05				1,106	1,079	1,062	1,034	1,066	1,006												
2005/06			1,162	1,111	1,067	1,039	1,051	1,028													
2006/07		1,353	1,163	1,111	1,070	1,038	1,024	1,018													
2007/08	2,077	1,333	1,175	1,082	1,055	1,042															
2008/09	2,495	1,350	1,164	1,050	1,039																
2009/10	2,327	1,333	1,139	1,100																	
2010/11	2,068	1,317	1,187																		
2011/12	3,469	1,375																			
2012/13	2,541																				
2013/14																					
Average																					
All	2,496	1,343	1,165	1,086	1,055	1,042	1,038	1,032	1,020	1,015	1,014	1,011	1,010	1,010	1,004	1,005	1,008	1,020	1,030		
Wtd 3	2,581	1,342	1,164	1,077	1,043	1,035	1,034	1,036	1,024	1,022	1,016	1,008	1,006	1,011	1,005	1,005	1,011				
Last 3	2,693	1,342	1,163	1,077	1,044	1,035	1,034	1,037	1,023	1,022	1,016	1,008	1,006	1,011	1,004	1,005	1,008				
Last 5	2,454	1,339	1,167	1,084	1,053	1,036	1,040	1,029	1,019	1,016	1,013	1,010	1,009	1,011							
x-hi,low																					
Similar	2,519	1,519	1,265	1,153	1,103	1,075	1,052	1,041	1,027	1,025	1,023	1,020	1,017	1,014	1,012	1,011	1,009	1,008	1,006	1,082	
Previous	2,500	1,333	1,160	1,080	1,065	1,050	1,040	1,030	1,025	1,020	1,016	1,013	1,010	1,007	1,006	1,004	1,004	1,004	1,003	1,050	
Selected	2,500	1,350	1,160	1,080	1,060	1,045	1,040	1,030	1,025	1,020	1,016	1,013	1,010	1,007	1,006	1,004	1,004	1,004	1,003	1,050	
Cumulative	5,889	2,355	1,745	1,504	1,393	1,314	1,257	1,209	1,174	1,145	1,123	1,105	1,091	1,080	1,072	1,065	1,061	1,057	1,053	1,050	
Percent	17.0%	42.5%	57.3%	66.5%	71.8%	76.1%	79.5%	82.7%	85.2%	87.3%	89.1%	90.5%	91.7%	92.6%	93.3%	93.9%	94.3%	94.6%	94.9%	95.2%	

Amounts are limited (net of excess insurance).

Data was provided by the City.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Historical Reported Claims and Reported Claim Development

I. Historical Reported Claims

Claim Period	Months of Development:																				
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	
to 1994/95																					
1995/96														1,057	1,058	1,058	1,058	19,547	19,549	19,550	19,552
1996/97													1,051	1,051	1,051	1,051	1,052	1,058	1,058	1,058	
1997/98												1,041	1,042	1,042	1,042	1,042	1,042	1,042	1,051	1,051	
1998/99												1,024	1,024	1,024	1,025	1,025	1,025	1,025	1,025	1,025	
1999/00									1,068	1,068	1,068	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	
2000/01								1,105	1,107	1,107	1,106	1,107	1,108	1,107	1,107	1,107	1,107	1,107	1,107	1,107	
2001/02								1,009	1,010	1,012	1,006	1,006	1,013	1,006	1,006	1,006	1,006	1,006	1,006	1,006	
2002/03								918	919	920	918	919	922	919	919	919	919	919	919	919	
2003/04					771	771	771	767	769	774	769	774	769	769	769	769	769	769	769	769	
2004/05				670	672	674	671	671	674	674	672	674	674	674	674	674	674	674	674	674	
2005/06			740	742	747	740	740	748	740	740	740	740	740	740	740	740	740	740	740	740	
2006/07		696	701	703	700	700	703	700	700	700	700	700	700	700	700	700	700	700	700	700	
2007/08	669	702	702	694	694	702	694	694	694	694	694	694	694	694	694	694	694	694	694	694	
2008/09	637	674	672	673	677	674	674	674	674	674	674	674	674	674	674	674	674	674	674	674	
2009/10	605	615	618	642	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	
2010/11	576	615	645	625	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	
2011/12	548	629	593	625	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	
2012/13	515	560	593	625	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	
2013/14	587	560	593	625	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	619	

II. Reported Claim Development

Claim Period	Months of Development:																			
	12-24	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
to 1994/95																				
1995/96														1.001	1.000	1.000	1.000	1.000	1.000	1.000
1996/97													1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1997/98												1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1998/99											1.000	1.000	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
1999/00									1.000	1.000	0.999	1.000	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000
2000/01								1.001	1.000	0.999	1.001	1.001	0.999	1.001	1.000	1.000	1.000	1.000	1.000	1.000
2001/02								1.001	1.002	0.994	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000
2002/03								1.000	0.998	1.001	1.003	1.007	0.994	1.001	1.000	1.000	1.000	1.000	1.000	1.000
2003/04								1.000	0.995	1.003	1.007	0.994	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2004/05				1.003	1.003	0.996	1.000	1.004	0.997	1.000	1.007	0.997	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2005/06			1.003	1.007	0.991	1.000	1.011	0.989	0.989	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2006/07		1.007	1.003	0.996	1.000	1.004	0.996	0.989	0.989	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2007/08	1.049	1.000	0.989	1.000	1.012	0.989	0.996	0.989	0.989	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2008/09	1.058	0.997	1.001	1.006	0.996	0.996	0.996	0.989	0.989	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2009/10	1.017	1.005	1.039	0.964	0.996	0.996	0.996	0.989	0.989	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2010/11	1.068	1.049	0.969	1.006	0.996	0.996	0.996	0.989	0.989	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2011/12	1.148	0.943	0.969	1.006	0.996	0.996	0.996	0.989	0.989	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2012/13	1.087	0.943	0.969	1.006	0.996	0.996	0.996	0.989	0.989	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
2013/14	1.087	0.943	0.969	1.006	0.996	0.996	0.996	0.989	0.989	1.000	1.007	0.993	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Average																				
All	1.071	1.000	1.001	0.996	1.000	0.998	1.001	1.000	1.000	0.999	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Wtd 3	1.101	0.998	1.003	0.991	1.002	0.998	1.002	0.999	1.002	0.999	1.002	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Last 3	1.101	0.999	1.003	0.990	1.002	0.998	1.002	0.999	1.002	0.999	1.002	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Last 5	1.071	1.001	0.998	1.001	1.000	0.999	0.999	1.001	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
x-hi,low																				
Similar	1.076	1.006	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Previous	1.070	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.070	1.005	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	1.078	1.007	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Percent	92.8%	99.3%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data was provided by the City.

CITY OF OAKLAND  
WORKERS' COMPENSATION

Historical Ratio of Limited Paid Losses and Limited Reported Incurred Losses

I. Ratio of Limited Paid Losses to Limited Reported Incurred Losses

Claim Period	Months of Development:																				
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	
to 1994/95																		97.3%	98.0%	97.7%	97.4%
1995/96														96.1%	96.6%	97.5%	97.7%	97.9%	97.5%	93.4%	
1996/97													94.6%	96.2%	98.5%	98.0%	99.0%	99.1%	98.6%		
1997/98												95.6%	97.2%	96.7%	96.8%	97.5%	97.2%	97.4%			
1998/99										95.5%		98.0%	96.6%	97.9%	98.2%	97.7%	96.6%				
1999/00									93.5%	95.9%		97.5%	97.5%	97.1%	96.7%	92.8%					
2000/01								92.3%	95.9%	96.7%		96.7%	95.8%	96.9%	96.3%						
2001/02							87.1%	90.7%	94.6%	94.8%		96.0%	97.2%	93.7%							
2002/03						84.5%	89.8%	90.7%	92.0%	94.2%		95.8%	94.9%								
2003/04					84.1%	88.3%	90.1%	92.3%	90.9%	92.8%		92.3%									
2004/05				74.4%	82.2%	81.5%	83.0%	83.0%	84.6%	84.9%											
2005/06			67.8%	77.0%	80.8%	82.8%	82.6%	85.8%	84.9%												
2006/07		63.2%	77.2%	84.6%	89.5%	90.1%	94.1%	95.0%													
2007/08	40.3%	63.0%	70.3%	74.6%	80.9%	86.0%	86.0%														
2008/09	47.9%	66.0%	70.0%	78.4%	84.2%	86.1%															
2009/10	44.4%	57.8%	68.9%	79.0%	85.7%																
2010/11	43.7%	57.7%	72.6%	79.5%																	
2011/12	31.8%	59.6%	72.8%																		
2012/13	43.7%	58.9%																			
2013/14	43.6%																				
Average																					
All	42.2%	60.9%	71.4%	78.2%	83.9%	85.6%	87.5%	90.0%	90.9%	93.6%	96.0%	96.3%	96.4%	97.2%	96.7%	97.7%	97.9%	98.0%	95.6%	97.4%	
Last 3	39.7%	58.7%	71.4%	78.9%	83.6%	87.4%	87.5%	87.9%	86.8%	90.6%	94.7%	96.0%	95.9%	97.1%	96.0%	97.6%	98.1%	98.0%			
Last 5	43.6%	58.8%	71.0%	78.9%	83.6%	85.0%	86.4%	89.6%	89.3%	93.9%	96.2%	96.5%	96.9%	97.2%	97.6%						
x-hi,low																					
Implicit	43.5%	64.0%	75.4%	82.5%	85.7%	87.6%	88.4%	89.9%	90.8%	91.7%	92.6%	93.3%	93.9%	94.3%	94.6%	94.8%	95.0%	95.1%	95.2%	95.3%	





CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-3

Developed Limited Paid Losses

Claim Period (1)	Months of Development 6/30/14 (2)	Limited Paid Losses 6/30/14 (3)	Percent Losses Paid (4)	Developed Limited Paid Losses (3)/(4) (5)
to 1994/95	240.0	\$131,949,399	95.2%	\$138,546,869
1995/96	228.0	9,972,173	94.9%	10,504,812
1996/97	216.0	11,562,805	94.6%	12,223,034
1997/98	204.0	14,986,431	94.3%	15,899,575
1998/99	192.0	15,953,452	93.9%	16,998,154
1999/00	180.0	13,517,057	93.3%	14,485,620
2000/01	168.0	18,608,321	92.6%	20,090,424
2001/02	156.0	20,923,064	91.7%	22,821,024
2002/03	144.0	20,357,764	90.5%	22,493,098
2003/04	132.0	19,578,006	89.1%	21,979,396
2004/05	120.0	15,626,609	87.3%	17,894,197
2005/06	108.0	14,276,321	85.2%	16,756,668
2006/07	96.0	14,030,648	82.7%	16,962,360
2007/08	84.0	12,662,095	79.5%	15,920,162
2008/09	72.0	14,960,274	76.1%	19,420,703 *
2009/10	60.0	15,064,578	71.8%	20,980,751
2010/11	48.0	16,083,264	66.5%	24,191,456
2011/12	36.0	14,195,912	57.3%	24,769,037
2012/13	24.0	6,100,196	42.5%	14,368,894
2013/14	12.0	2,367,939	17.0%	13,944,088

\* - Indicates large claim(s) limited to retention. For details, see Exhibit WC-15.

(3) is from Exhibit WC-1.

(4) is from Exhibit WC-2.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-4

Developed Limited Reported Incurred Losses

Claim Period (1)	Months of Development 6/30/14 (2)	Limited Reported Incurred Losses 6/30/14 (3)	Percent Losses Reported (4)	Developed Limited Reported Incurred Losses (3)/(4) (5)
to 1994/95	240.0	\$135,506,268	99.9%	\$135,641,775
1995/96	228.0	10,671,832	99.7%	10,707,574
1996/97	216.0	11,730,504	99.5%	11,793,331
1997/98	204.0	15,388,223	99.2%	15,508,907
1998/99	192.0	16,509,522	99.0%	16,683,645
1999/00	180.0	14,565,905	98.6%	14,772,335
2000/01	168.0	19,326,905	98.2%	19,681,334
2001/02	156.0	22,320,944	97.7%	22,853,295
2002/03	144.0	21,444,689	97.0%	22,109,834
2003/04	132.0	21,219,498	96.2%	22,052,679
2004/05	120.0	18,404,626	95.3%	19,268,897 *
2005/06	108.0	16,805,986	93.9%	17,774,333 *
2006/07	96.0	14,771,563	92.0%	16,052,412
2007/08	84.0	14,723,070	90.0%	16,256,002 *
2008/09	72.0	17,372,032	86.9%	19,875,551 *
2009/10	60.0	17,586,514	83.8%	20,837,543 *
2010/11	48.0	20,235,426	80.5%	24,971,260 *
2011/12	36.0	19,494,132	76.0%	25,654,351
2012/13	24.0	10,353,185	66.4%	15,600,432
2013/14	12.0	5,431,176	39.0%	13,912,509

\* - Indicates large claim(s) limited to retention. For details, see Exhibit WC-15.

(3) is from Exhibit WC-1.

(4) is from Exhibit WC-2.



CITY OF OAKLAND  
WORKERS' COMPENSATION  
Developed Limited Case Reserves

Exhibit WC-5

Claim Period (1)	Months of Development 6/30/14 (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved 6/30/14 [(4)-(3)]/ [100.0%-(3)] (5)	Limited Paid Losses 6/30/14 (6)	Limited Case Reserves 6/30/14 (7)	Developed Limited Case Reserves (6)+(7)/(5) (8)
to 1994/95	240.0	95.2%	99.9%	97.9%	\$131,949,399	\$3,556,870	\$135,582,487
1995/96	228.0	94.9%	99.7%	93.4%	9,972,173	699,659	10,721,138
1996/97	216.0	94.6%	99.5%	90.1%	11,562,805	167,699	11,748,853
1997/98	204.0	94.3%	99.2%	86.5%	14,986,431	401,792	15,451,195
1998/99	192.0	93.9%	99.0%	83.0%	15,953,452	556,070	16,623,266
1999/00	180.0	93.3%	98.6%	79.1%	13,517,057	1,048,848	14,843,023
2000/01	168.0	92.6%	98.2%	75.6%	18,608,321	718,584	19,558,967
2001/02	156.0	91.7%	97.7%	72.0%	20,923,064	1,397,881	22,864,806
2002/03	144.0	90.5%	97.0%	68.3%	20,357,764	1,086,925	21,948,916
2003/04	132.0	89.1%	96.2%	65.4%	19,578,006	1,641,492	22,087,184
2004/05	120.0	87.3%	95.3%	62.7%	15,626,609	2,778,017	19,667,336 *
2005/06	108.0	85.2%	93.9%	58.5%	14,276,321	2,529,665	17,923,364 *
2006/07	96.0	82.7%	92.0%	53.8%	14,030,648	740,915	15,406,944
2007/08	84.0	79.5%	90.0%	50.9%	12,662,095	2,060,974	16,223,813 *
2008/09	72.0	76.1%	86.9%	45.2%	14,960,274	2,411,758	20,295,134
2009/10	60.0	71.8%	83.8%	42.4%	15,064,578	2,521,937	20,336,561 *
2010/11	48.0	66.5%	80.5%	42.0%	16,083,264	4,152,162	25,367,110 *
2011/12	36.0	57.3%	76.0%	43.7%	14,195,912	5,298,219	26,306,788
2012/13	24.0	42.5%	66.4%	41.6%	6,100,196	4,252,990	16,335,915
2013/14	12.0	17.0%	39.0%	26.6%	2,367,939	3,063,237	13,897,687

\* - Indicates large claim(s) limited to retention. For details, see Exhibit WC-15.

(3) and (4) are from Exhibit WC-2.

(6) and (7) are from Exhibit WC-1.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-6

Preliminary Projected Ultimate Limited Losses to 2013/14

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	Preliminary Projected Ultimate Limited Losses (5)
to 1994/95	\$138,546,869	\$135,641,775	\$135,582,487	\$135,861,955
1995/96	10,504,812	10,707,574	10,721,138	10,741,798
1996/97	12,223,034	11,793,331	11,748,853	11,748,853
1997/98	15,899,575	15,508,907	15,451,195	15,451,195
1998/99	16,998,154	16,683,645	16,623,266	16,623,266
1999/00	14,485,620	14,772,335	14,843,023	14,843,023
2000/01	20,090,424	19,681,334	19,558,967	19,558,967
2001/02	22,821,024	22,853,295	22,864,806	22,864,806
2002/03	22,493,098	22,109,834	21,948,916	21,948,916
2003/04	21,979,396	22,052,679	22,087,184	22,087,184
2004/05	17,894,197	19,268,897	19,667,336	19,667,336
2005/06	16,756,668	17,774,333	17,923,364	17,923,364
2006/07	16,962,360	16,052,412	15,406,944	15,471,491
2007/08	15,920,162	16,256,002	16,223,813	16,230,251
2008/09	19,420,703	19,875,551	20,295,134	20,169,259
2009/10	20,980,751	20,837,543	20,336,561	20,536,954
2010/11	24,191,456	24,971,260	25,367,110	25,091,205
2011/12	24,769,037	25,654,351	26,306,788	25,738,263
2012/13	14,368,894	15,600,432	16,335,915	15,648,318
2013/14	13,944,088	13,912,509	13,897,687	13,912,896

(2) is from Exhibit WC-3.

(3) is from Exhibit WC-4.

(4) is from Exhibit WC-5.

(5) is based on (2) to (4) and actuarial judgment.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-7

Bornhuetter - Ferguson Analysis

I. A-priori Loss Rate

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per \$100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2014/15 = 1.000) (5)	Trended Limited Loss Rate per \$100 of Payroll (4)X(5) (6)	Projected A-priori Loss Rate per \$100 of Payroll (7)/(5) (8)
2004/05	\$19,667,336	\$315,491	\$6.23	1.327	\$8.27	\$4.82
2005/06	17,923,364	326,085	5.50	1.318	7.25	4.85
2006/07	15,471,491	354,814	4.36	1.294	5.64	4.94
2007/08	16,230,251	370,278	4.38	1.230	5.39	5.20
2008/09	20,169,259	377,769	5.34	1.198	6.40	5.34
2009/10	20,536,954	338,407	6.07	1.155	7.01	5.54
2010/11	25,091,205	338,298	7.42	1.121	8.31	5.71
2011/12	25,738,263	348,514	7.39	1.088	8.03	5.98
2012/13	15,648,318	355,748	4.40	1.074	4.73	5.95
2013/14	13,912,896	373,451	3.73	1.046	3.90	6.12

(7) Projected 2014/15 a-priori loss rate per \$100 of Payroll \$6.40

II. Bornhuetter - Ferguson Analysis Based on Limited Paid Losses

Claim Period (1)	Limited Paid Losses 6/30/14 (2)	Percent Losses Paid (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unpaid Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Limited Paid Losses (2)+(6) (7)
2009/10	\$15,064,578	71.8%	\$5.54	\$338,407	\$5,283,411	\$20,347,988
2010/11	16,083,264	66.5%	5.71	338,298	6,469,522	22,552,786
2011/12	14,195,912	57.3%	5.88	348,514	8,747,385	22,943,297
2012/13	6,100,196	42.5%	5.95	355,748	12,188,508	18,288,704
2013/14	2,367,939	17.0%	6.12	373,451	18,959,867	21,327,806

III. Bornhuetter - Ferguson Analysis Based on Limited Reported Incurred Losses

Claim Period (1)	Limited Reported Incurred Losses 6/30/14 (2)	Percent Losses Reported (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unreported Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Limited Reported Losses (2)+(6) (7)
2009/10	\$17,586,514	83.8%	\$5.54	\$338,407	\$3,041,209	\$20,627,724
2010/11	20,235,426	80.5%	5.71	338,298	3,754,909	23,990,335
2011/12	19,494,132	76.0%	5.88	348,514	4,920,612	24,414,744
2012/13	10,353,185	66.4%	5.95	355,748	7,124,126	17,477,311
2013/14	5,431,176	39.0%	6.12	373,451	13,922,587	19,353,763

Section I, (2) is from Exhibit WC-6.

Section I, (3), Section II, (5) and Section III, (5) are from Exhibit WC-10.

Section I, (5) is from Exhibit WC-14 and adjusted for change in retention.

Section I, (7) is based on Section I, (6) and actuarial judgment.

Sections II and III, (2) are from Exhibit WC-1.

Sections II and III, (3) are from Exhibit WC-2.

Sections II and III, (4) are from Section I, (8).



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-8

Frequency Times Severity Analysis

I. Projected Ultimate Claims

Claim Period (1)	Months of Development 6/30/14 (2)	Reported Claims 6/30/14 (3)	Percent Claims Reported (4)	Projected Ultimate Claims (3)/(4) (5)	Payroll (000) (6)	Frequency (per \$1M of Payroll) (5)/(6)X1,000 (7)
2004/05	120.0	672	100.0%	672	\$315,491	2.13
2005/06	108.0	740	100.0%	740	326,085	2.27
2006/07	96.0	700	100.0%	700	354,814	1.97
2007/08	84.0	694	100.0%	694	370,278	1.87
2008/09	72.0	674	100.0%	674	377,769	1.78
2009/10	60.0	619	100.0%	619	338,407	1.83
2010/11	48.0	625	100.0%	625	338,298	1.85
2011/12	36.0	593	99.8%	594	348,514	1.70
2012/13	24.0	560	99.3%	564	355,748	1.59
2013/14	12.0	587	92.8%	632	373,451	1.69

II. Frequency Times Severity

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Projected Ultimate Claims (3)	Average Severity (2)/(3) (4)	Severity Trend (2014/15 = 1.000) (5)	Trended Average Claim Severity (4)X(5) (6)	De-Trended Projected 2014/15 Average Claim Severity (7)/(5) (8)	Frequency Times Severity (3)X(8) (9)
2004/05	\$19,667,336	672	\$29,267	1.783	\$52,192	\$22,644	\$15,217,083
2005/06	17,923,364	740	24,221	1.720	41,658	23,479	17,374,237
2006/07	15,471,491	700	22,102	1.639	36,227	24,637	17,245,722
2007/08	16,230,251	694	23,387	1.513	35,391	26,685	18,519,203
2008/09	20,169,259	674	29,925	1.431	42,810	28,228	19,025,422
2009/10	20,536,954	619	33,178	1.339	44,428	30,156	18,666,651
2010/11	25,091,205	625	40,146	1.262	50,648	32,009	20,005,453
2011/12	25,738,263	594	43,330	1.189	51,501	33,975	20,181,144
2012/13	15,648,318	564	27,745	1.140	31,619	35,434	19,985,052
2013/14	13,912,896	632	22,014	1.077	23,713	37,488	23,692,664
(7) Projected 2014/15 average claim severity					\$40,382		

Section I, (3) is from Exhibit WC-1.

Section I, (4) is from Exhibit WC-2.

Section I, (6) is from Exhibit WC-10.

Section II, (2) is from Exhibit WC-6.

Section II, (3) is from Section I, (5).

Section II, (5) is from Exhibit WC-14 and adjusted for change in retention.

Section II, (7) is based on (6) and actuarial judgment.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-9

Projected Ultimate Limited Losses to 2013/14

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	B-F Ultimate Limited Paid Losses (5)	B-F Ultimate Limited Reported Losses (6)	Frequency Times Severity (7)	Projected Ultimate Limited Losses (8)
to 1994/95	\$138,546,869	\$135,641,775	\$135,582,487				\$135,862,000
1995/96	10,504,812	10,707,574	10,721,138				10,742,000
1996/97	12,223,034	11,793,331	11,748,853				11,749,000
1997/98	15,899,575	15,508,907	15,451,195				15,451,000
1998/99	16,998,154	16,683,645	16,623,266				16,623,000
1999/00	14,485,620	14,772,335	14,843,023				14,843,000
2000/01	20,090,424	19,681,334	19,558,967				19,559,000
2001/02	22,821,024	22,853,295	22,864,806				22,865,000
2002/03	22,493,098	22,109,834	21,948,916				21,949,000
2003/04	21,979,396	22,052,679	22,087,184				22,087,000
2004/05	17,894,197	19,268,897	19,667,336				19,667,000
2005/06	16,756,668	17,774,333	17,923,364				17,923,000
2006/07	16,962,360	16,052,412	15,406,944				15,471,000
2007/08	15,920,162	16,256,002	16,223,813				16,230,000
2008/09	19,420,703	19,875,551	20,295,134				20,169,000
2009/10	20,980,751	20,837,543	20,336,561	20,347,988	20,627,724	18,666,651	20,537,000
2010/11	24,191,456	24,971,260	25,367,110	22,552,786	23,990,335	20,005,453	24,882,000
2011/12	24,769,037	25,654,351	26,306,788	22,943,297	24,414,744	20,181,144	25,213,000
2012/13	14,368,894	15,600,432	16,335,915	18,288,704	17,477,311	19,985,052	16,976,000
2013/14	13,944,088	13,912,509	13,897,687	21,327,806	19,353,763	23,692,664	17,462,000

(2) is from Exhibit WC-3.

(3) is from Exhibit WC-4.

(4) is from Exhibit WC-5.

(5) and (6) are from Exhibit WC-7.

(7) is from Exhibit WC-8.

(8) is based on (2) to (7) and actuarial judgment.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-10

Projected Ultimate Limited Losses for 2014/15 and Subsequent

Claim Period (1)	Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per \$100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2014/15 = 1.000) (5)	Trended Limited Loss Rate per \$100 of Payroll (4)X(5) (6)		
2004/05	\$19,667,000	\$315,491	\$6.23	1.327	\$8.27		
2005/06	17,923,000	326,085	5.50	1.318	7.25		
2006/07	15,471,000	354,814	4.36	1.294	5.64		
2007/08	16,230,000	370,278	4.38	1.230	5.39		
2008/09	20,169,000	377,769	5.34	1.198	6.40		
2009/10	20,537,000	338,407	6.07	1.155	7.01		
2010/11	24,882,000	338,298	7.36	1.121	8.24		
2011/12	25,213,000	348,514	7.23	1.088	7.87		
2012/13	16,976,000	355,748	4.77	1.074	5.13		
2013/14	17,462,000	373,451	4.68	1.046	4.89		
Total	\$194,530,000	\$3,498,854	\$5.56		\$6.61		

Claim Period (1)	Projected Limited Loss Rate per \$100 of Payroll (7)	Projected Payroll (000) (8)	Projected Ultimate Limited Losses (7)X(8)X10 (9)	Present Value Factor (10)	Present Value of Projected Limited Loss Rate per \$100 of Payroll (7)X(10) (11)	Present Value of Projected Ultimate Limited Losses (8)X(11)X10 (12)
2014/15	\$6.63	\$377,186	\$24,999,000	0.90	\$5.96	\$22,489,000
2015/16	6.83	380,958	26,007,000	0.90	6.14	23,396,000

(2) is from Exhibit WC-9.

(3) was provided by the City.

(5) is from Exhibit WC-14 and adjusted for change in retention.

(7) for 2014/15 is based on (6) and actuarial judgment.

(7) for 2015/16 and subsequent are based on 2014/15 plus the trend in Exhibit WC-14.

(8) is based on (3) for 2013/14 and a 1% trend.

(10) is based on a 2.5% interest rate and the payout pattern in Exhibit WC-2.





CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-11

Estimated Outstanding Losses as of June 30, 2014

Claim Period (1)	Limited Paid Losses 6/30/14 (2)	Limited Case Reserves 6/30/14 (3)	Limited Reported Incurred Losses 6/30/14 (4)	Projected Ultimate Limited Losses (5)	Estimated IBNR 6/30/14 (5)-(4) (6)	Estimated Outstanding Losses 6/30/14 (3)+(6) (7)	Present Value Factor (8)	Present Value of Estimated Outstanding Losses 6/30/14 (7)X(8) (9)
to 1994/95	\$131,949,399	\$3,556,870	\$135,506,268	\$135,862,000	\$355,732	\$3,912,602	0.94	\$3,679,756
1995/96	9,972,173	699,659	10,671,832	10,742,000	70,168	769,827	0.92	709,731
1996/97	11,562,805	167,699	11,730,504	11,749,000	18,496	186,195	0.90	168,506
1997/98	14,986,431	401,792	15,388,223	15,451,000	62,777	464,569	0.89	413,146
1998/99	15,953,452	556,070	16,509,522	16,623,000	113,478	669,548	0.88	586,302
1999/00	13,517,057	1,048,848	14,565,905	14,843,000	277,095	1,325,943	0.87	1,147,358
2000/01	18,608,321	718,584	19,326,905	19,559,000	232,095	950,679	0.86	815,585
2001/02	20,923,064	1,397,881	22,320,944	22,865,000	544,056	1,941,937	0.85	1,658,967
2002/03	20,357,764	1,086,925	21,444,689	21,949,000	504,311	1,591,236	0.85	1,357,077
2003/04	19,578,006	1,641,492	21,219,498	22,087,000	867,502	2,508,994	0.85	2,139,440
2004/05	15,626,609	2,778,017	18,404,626	19,667,000	1,262,374	4,040,391	0.85	3,448,946
2005/06	14,276,321	2,529,665	16,805,986	17,923,000	1,117,014	3,646,679	0.86	3,118,987
2006/07	14,030,648	740,915	14,771,563	15,471,000	699,437	1,440,352	0.86	1,233,829
2007/08	12,662,095	2,060,974	14,723,070	16,230,000	1,506,930	3,567,904	0.86	3,066,649
2008/09	14,960,274	2,411,758	17,372,032	20,169,000	2,796,968	5,208,726	0.86	4,479,789
2009/10	15,064,578	2,521,937	17,586,514	20,537,000	2,950,486	5,472,423	0.86	4,716,669
2010/11	16,083,264	4,152,162	20,235,426	24,882,000	4,646,574	8,798,736	0.86	7,604,514
2011/12	14,195,912	5,298,219	19,494,132	25,213,000	5,718,868	11,017,087	0.87	9,632,695
2012/13	6,100,196	4,252,990	10,353,185	16,976,000	6,622,815	10,875,805	0.89	9,656,431
2013/14	2,367,939	3,063,237	5,431,176	17,462,000	12,030,824	15,094,061	0.90	13,638,505
<b>Total</b>	<b>\$402,776,308</b>	<b>\$41,085,695</b>	<b>\$443,862,003</b>	<b>\$486,260,000</b>	<b>\$42,398,000</b>	<b>\$83,483,694</b>		<b>\$73,272,882</b>

(2), (3) and (4) are net of specific self insured retention and aggregate retention.

(5) is from Exhibit WC-9.

(8) is based on a 2.5% interest rate and the payout pattern in Exhibit WC-2.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-12

Projected Losses Paid July 1, 2014 to June 30, 2015

Claim Period (1)	Months of Development 6/30/14 (2)	Percent Losses Paid (3)	Months of Development 6/30/15 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/14 to 6/30/15 [(5)-(3)]/[100.0%-(3)] (6)	Estimated Outstanding Losses 6/30/14 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/15 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/15 (9)X(10) (11)
to 1994/95	240.0	95.2%	252.0	96.7%	30.0%	\$3,912,602	\$1,173,781	\$2,738,821	0.94	\$2,580,997
1995/96	228.0	94.9%	240.0	95.2%	6.1%	769,827	46,841	722,986	0.94	679,960
1996/97	216.0	94.6%	228.0	94.9%	6.1%	186,195	11,413	174,782	0.92	161,138
1997/98	204.0	94.3%	216.0	94.6%	5.9%	464,569	27,639	436,930	0.90	395,421
1998/99	192.0	93.9%	204.0	94.3%	6.6%	669,548	43,879	625,669	0.89	556,414
1999/00	180.0	93.3%	192.0	93.9%	8.1%	1,325,943	107,164	1,218,779	0.88	1,067,245
2000/01	168.0	92.6%	180.0	93.3%	9.4%	950,679	89,020	861,659	0.87	745,606
2001/02	156.0	91.7%	168.0	92.6%	11.3%	1,941,937	219,385	1,722,552	0.86	1,477,774
2002/03	144.0	90.5%	156.0	91.7%	12.4%	1,591,236	197,213	1,394,023	0.85	1,190,893
2003/04	132.0	89.1%	144.0	90.5%	13.1%	2,508,994	328,930	2,180,064	0.85	1,859,255
2004/05	120.0	87.3%	132.0	89.1%	13.8%	4,040,391	556,870	3,483,521	0.85	2,970,427
2005/06	108.0	85.2%	120.0	87.3%	14.4%	3,646,679	524,737	3,121,942	0.85	2,664,942
2006/07	96.0	82.7%	108.0	85.2%	14.4%	1,440,352	206,798	1,233,554	0.86	1,056,053
2007/08	84.0	79.5%	96.0	82.7%	15.5%	3,567,904	554,650	3,013,254	0.86	2,581,203
2008/09	72.0	76.1%	84.0	79.5%	14.3%	5,208,726	746,741	4,461,985	0.86	3,835,120
2009/10	60.0	71.8%	72.0	76.1%	15.3%	5,472,423	836,078	4,636,345	0.86	3,987,510
2010/11	48.0	66.5%	60.0	71.8%	15.9%	8,798,736	1,396,241	7,402,495	0.86	6,380,193
2011/12	36.0	57.3%	48.0	66.5%	21.5%	11,017,087	2,366,719	8,650,368	0.86	7,476,283
2012/13	24.0	42.5%	36.0	57.3%	25.8%	10,875,805	2,808,252	8,067,553	0.87	7,053,795
2013/14	12.0	17.0%	24.0	42.5%	30.7%	15,094,061	4,631,309	10,462,752	0.89	9,289,689
2014/15	0.0	0.0%	12.0	17.0%	17.0%	24,999,000	4,245,248	20,753,752	0.90	18,752,419
<b>Total</b>						<b>\$108,482,694</b>	<b>\$21,118,908</b>	<b>\$87,363,786</b>		<b>\$76,761,337</b>

(3) and (5) are from Exhibit WC-2.

(7) to 2013/14 is from Exhibit WC-11. The amount for 2014/15 is from Exhibit WC-10.

(10) is based on a 2.5% interest rate and the payout pattern in Exhibit WC-2.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-13

Projected Losses Paid July 1, 2015 to June 30, 2016

Claim Period (1)	Months of Development 6/30/15 (2)	Percent Losses Paid (3)	Months of Development 6/30/16 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/15 to 6/30/16 [(5)-(3)]/ [100.0%-(3)] (6)	Estimated Outstanding Losses 6/30/15 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/16 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/16 (9)X(10) (11)
to 1994/95	252.0	96.7%	264.0	97.7%	30.0%	\$2,738,821	\$821,646	\$1,917,175	0.94	\$1,811,332
1995/96	240.0	95.2%	252.0	96.7%	30.0%	722,986	216,896	506,090	0.94	476,927
1996/97	228.0	94.9%	240.0	95.2%	6.1%	174,782	10,635	164,147	0.94	154,378
1997/98	216.0	94.6%	228.0	94.9%	6.1%	436,930	26,782	410,148	0.92	378,130
1998/99	204.0	94.3%	216.0	94.6%	5.9%	625,669	37,223	588,446	0.90	532,543
1999/00	192.0	93.9%	204.0	94.3%	6.6%	1,218,779	79,873	1,138,906	0.89	1,012,841
2000/01	180.0	93.3%	192.0	93.9%	8.1%	861,659	69,640	792,019	0.88	693,545
2001/02	168.0	92.6%	180.0	93.3%	9.4%	1,722,552	161,298	1,561,254	0.87	1,350,976
2002/03	156.0	91.7%	168.0	92.6%	11.3%	1,394,023	157,486	1,236,537	0.86	1,060,822
2003/04	144.0	90.5%	156.0	91.7%	12.4%	2,180,064	270,190	1,909,874	0.85	1,631,576
2004/05	132.0	89.1%	144.0	90.5%	13.1%	3,483,521	456,691	3,026,830	0.85	2,581,415
2005/06	120.0	87.3%	132.0	89.1%	13.8%	3,121,942	430,284	2,691,658	0.85	2,295,199
2006/07	108.0	85.2%	120.0	87.3%	14.4%	1,233,554	177,502	1,056,052	0.85	901,464
2007/08	96.0	82.7%	108.0	85.2%	14.4%	3,013,254	432,627	2,580,627	0.86	2,207,198
2008/09	84.0	79.5%	96.0	82.7%	15.5%	4,461,985	693,639	3,768,346	0.86	3,228,027
2009/10	72.0	76.1%	84.0	79.5%	14.3%	4,636,345	664,682	3,971,663	0.86	3,413,683
2010/11	60.0	71.8%	72.0	76.1%	15.3%	7,402,495	1,130,955	6,271,540	0.86	5,393,868
2011/12	48.0	66.5%	60.0	71.8%	15.9%	8,650,368	1,372,697	7,277,671	0.86	6,272,608
2012/13	36.0	57.3%	48.0	66.5%	21.5%	8,067,553	1,733,093	6,334,460	0.86	5,474,705
2013/14	24.0	42.5%	36.0	57.3%	25.8%	10,462,752	2,701,597	7,761,155	0.87	6,785,899
2014/15	12.0	17.0%	24.0	42.5%	30.7%	20,753,752	6,367,872	14,385,880	0.89	12,772,964
2015/16	0.0	0.0%	12.0	17.0%	17.0%	26,007,000	4,416,423	21,590,577	0.90	19,508,547
<b>Total</b>						<b>\$113,370,786</b>	<b>\$22,429,731</b>	<b>\$90,941,055</b>		<b>\$79,938,647</b>

(3) and (5) are from Exhibit WC-2.

(7) to 2014/15 is from Exhibit WC-12, (9). The amount for 2015/16 is from Exhibit WC-10.

(10) is based on a 2.5% interest rate and the payout pattern in Exhibit WC-2.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-14

Loss Rate and Severity Trend

I. Benefit Level Changes

Effective Date (1)	Benefit Level Change (2)	Cumulative Benefit Level Change (3)
01/01/05	0.768	0.768
01/01/06	0.965	0.741
01/01/07	1.006	0.746
02/15/07	1.011	0.754
01/01/08	1.022	0.770
01/01/09	1.013	0.780
01/01/10	1.001	0.781
01/01/12	1.001	0.782
01/01/13	0.965	0.755
01/01/14	1.031	0.778

II. Loss Rate and Severity Trend

Claim Period (1)	Benefit Trend (2014/15 = 1.000) (2)	Residual Trend (2014/15 = 1.000) (3)	Retention Index (2014/15 = 1.000) (4)	Loss Rate Trend (2014/15 = 1.000) (2)X(3)X(4) (5)	Wage Trend (2014/15 = 1.000) (6)	Severity Trend (2014/15 = 1.000) (5)X(6) (7)
2004/05	1.013	1.344	0.975	1.327	1.344	1.783
2005/06	1.031	1.305	0.980	1.318	1.305	1.720
2006/07	1.042	1.267	0.980	1.294	1.267	1.639
2007/08	1.021	1.230	0.980	1.230	1.230	1.513
2008/09	1.003	1.194	1.000	1.198	1.194	1.431
2009/10	0.996	1.159	1.000	1.155	1.159	1.339
2010/11	0.996	1.126	1.000	1.121	1.126	1.262
2011/12	0.995	1.093	1.000	1.088	1.093	1.189
2012/13	1.013	1.061	1.000	1.074	1.061	1.140
2013/14	1.015	1.030	1.000	1.046	1.030	1.077
2014/15	1.000	1.000	1.000	1.000	1.000	1.000
2015/16	1.000	0.971	1.000	0.971	0.971	0.943

Section I, (2) and (3) reflect NCCI data.

Section II, (2) is based on Section I, (2).

Section II, (3) is based on 3% trend per actuarial judgment.

Section II, (4) is based on industry statistics and actuarial judgment.

Section II, (6) is based on 3% trend.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-15

List of Large Claims  
Reported Incurred Losses Greater Than \$100,000

Claim Number (1)	Date of Loss (2)	Claim Period (3)	Specific Self-Insured Retention (4)	Unlimited Paid Losses 6/30/14 (5)	Unlimited Case Reserves 6/30/14 (6)	Unlimited Reported Incurred Losses 6/30/14 (7)
0000190143	12/27/1972	to 1994/95	Unlimited	\$722,941	\$0	\$722,941
0000190774	1/19/1974	to 1994/95	Unlimited	612,295	80,001	692,296
0000190326	8/1/1974	to 1994/95	Unlimited	771,240	0	771,240
0000190147	7/4/1975	to 1994/95	Unlimited	3,320,754	1,071,810	4,392,565
0000190244	10/3/1975	to 1994/95	Unlimited	542,435	0	542,435
0000191607	3/11/1977	to 1994/95	Unlimited	2,904,822	0	2,904,822
0000190910	12/5/1977	to 1994/95	Unlimited	913,798	0	913,798
0000190513	10/19/1978	to 1994/95	Unlimited	925,345	0	925,345
0001305216	4/11/1983	to 1994/95	Unlimited	800,100	0	800,100
0001305402	1/3/1984	to 1994/95	Unlimited	583,002	0	583,002
0001305712	1/26/1984	to 1994/95	Unlimited	567,073	0	567,073
0008600690	7/16/1986	to 1994/95	Unlimited	560,893	0	560,893
0087580347	2/24/1987	to 1994/95	Unlimited	654,693	98,917	753,610
0088580879	7/11/1988	to 1994/95	Unlimited	628,550	0	628,550
0088580941	10/6/1988	to 1994/95	Unlimited	612,393	0	612,393
0090000792	8/23/1990	to 1994/95	Unlimited	449,227	181,665	630,892
0091000967	10/20/1991	to 1994/95	Unlimited	615,883	0	615,883
0091001095	10/20/1991	to 1994/95	Unlimited	534,072	60,676	594,748
0094630112	8/1/1994	to 1994/95	Unlimited	1,409,190	0	1,409,190
0095630121	1/11/1995	to 1994/95	Unlimited	512,810	85,655	598,465
0096630131	8/15/1995	1995/96	Unlimited	495,723	421,685	917,408
0096630617	3/1/1996	1995/96	Unlimited	541,404	0	541,404
0097630604	7/10/1997	1997/98	Unlimited	467,079	63,480	530,559
0059620316	3/26/1999	1998/99	Unlimited	506,947	0	506,947
0059620442	5/4/1999	1998/99	Unlimited	530,484	30,674	561,158
0056200017	1/3/2000	1999/00	Unlimited	504,515	499,671	1,004,186
0056210086	1/24/2001	2000/01	Unlimited	531,819	0	531,819
0056210681	7/19/2001	2001/02	Unlimited	555,676	0	555,676
0108004322	8/23/2001	2001/02	Unlimited	449,344	247,231	696,574
0109002741	9/21/2001	2001/02	Unlimited	731,455	0	731,455
0204001439	4/6/2002	2001/02	Unlimited	705,874	308,737	1,014,610
0206001880	6/1/2002	2001/02	Unlimited	411,563	103,099	514,662
0208004522	8/3/2002	2002/03	Unlimited	1,454,874	60,048	1,514,922
0208003005	8/11/2002	2002/03	Unlimited	752,443	0	752,443
0209003498	9/27/2002	2002/03	Unlimited	514,545	130,893	645,438
0210003933	10/3/2002	2002/03	Unlimited	553,034	28,961	581,995
0211004343	11/23/2002	2002/03	Unlimited	785,394	293,678	1,079,072
0308002695	8/20/2003	2003/04	Unlimited	330,013	193,471	523,484
0401000424	1/13/2004	2003/04	Unlimited	584,135	0	584,135
0405001211	5/14/2004	2003/04	Unlimited	381,984	333,019	715,003
0408001992	8/17/2004	2004/05	1,000,000	372,644	182,469	555,113
0509002575	12/3/2004	2004/05	1,000,000	535,349	1,161,964 *	1,697,313 *
0501000048	1/12/2005	2004/05	1,000,000	465,678	218,824	684,502
0603000428	3/5/2005	2004/05	1,000,000	357,676	345,395	703,071
0506001414	6/23/2005	2004/05	1,000,000	497,702	387,102 *	884,804
0507002799	7/1/2005	2005/06	1,000,000	609,133	616,487 *	1,225,620 *
0510002729	10/18/2005	2005/06	1,000,000	353,287	276,063	629,350
0601000103	1/21/2006	2005/06	1,000,000	438,116	2,992,994 *	3,431,110 *
0701000110	1/20/2007	2006/07	1,000,000	459,527	45,078	504,605
0708001974	8/17/2007	2007/08	1,000,000	709,629	135,185	844,814
0708002337	8/27/2007	2007/08	1,000,000	494,868	783,654 *	1,278,522 *
0802000349	2/22/2008	2007/08	1,000,000	322,310	189,084	511,393
0901000136	1/19/2009	2008/09	750,000	409,558	110,491	520,049
0903000003	3/21/2009	2008/09	750,000	3,469,241 *	263,270	3,732,511 *
1002000328	2/24/2010	2009/10	750,000	278,654	359,041 *	637,695 *
1003000505	3/19/2010	2009/10	750,000	531,840	387,957 *	919,796 *
1008001619	8/6/2010	2010/11	750,000	266,365	459,592 *	725,957 *
1008001950	8/31/2010	2010/11	750,000	497,105	72,226	569,331

Amounts are gross of excess insurance and net of other recoveries.

The claim(s) indicated by a "\*" have been limited in development.

(1) through (7) were provided by the City.



CITY OF OAKLAND  
WORKERS' COMPENSATION

Exhibit WC-16

Size of Loss Distribution

I. Reported Claim Count

Layer (1)	Prior (2)	2009/10 (3)	2010/11 (4)	2011/12 (5)	2012/13 (6)	2013/14 (7)	Total (2)...(7) (8)	Non-Zero Claim Cumulative Total (9)	Non-Zero Claim Cumulative % of Total (10)
0	2,485	17	18	8	13	38	2,579		
0.01 - 5,000	23,529	385	368	376	392	392	25,412	25,412	78.2%
5,000 - 10,000	1,546	44	40	24	29	65	1,748	27,160	83.6%
10,000 - 25,000	2,650	82	89	67	92	65	3,045	30,205	93.0%
25,000 - 50,000	897	29	37	37	28	12	1,040	31,245	96.2%
50,000 - 100,000	766	50	59	73	34	14	986	32,231	99.2%
100,000 - 250,000	159	10	12	8	2	1	192	32,423	99.8%
250,000 - 500,000	33	1	2	0	0	0	36	32,459	99.9%
500,000 - 750,000	9	1	0	0	0	0	10	32,469	100.0%
750,000 - 1,000,000	8	0	0	0	0	0	8	32,477	100.0%
Over 1,000,000	4	0	0	0	0	0	4	32,481	100.0%
<b>Total</b>	<b>32,076</b>	<b>619</b>	<b>625</b>	<b>593</b>	<b>560</b>	<b>587</b>	<b>35,060</b>	<b>32,481</b>	

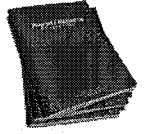
II. Total Reported Incurred Losses

Layer (1)	Prior (2)	2009/10 (3)	2010/11 (4)	2011/12 (5)	2012/13 (6)	2013/14 (7)	Total (2)...(7) (8)	Non-Zero Claim Cumulative Total (9)	Non-Zero Claim Cumulative % of Total (10)
0	-\$3,102	\$0	\$0	\$0	\$0	\$0	-\$3,102		
0.01 - 5,000	19,520,830	400,222	370,789	448,809	400,262	492,653	21,633,565	21,633,565	4.8%
5,000 - 10,000	10,880,460	306,384	303,700	161,792	197,032	466,673	12,316,041	33,949,606	7.5%
10,000 - 25,000	64,768,408	1,906,514	2,299,933	1,812,401	2,094,219	1,467,329	74,348,803	108,298,409	23.9%
25,000 - 50,000	63,768,619	2,052,427	2,680,305	2,450,492	1,954,053	736,591	73,642,487	181,940,896	40.2%
50,000 - 100,000	118,036,551	8,536,749	9,810,959	12,021,140	6,074,458	1,902,635	152,384,501	334,325,398	73.8%
100,000 - 250,000	53,500,826	3,280,416	3,503,310	2,638,201	634,377	365,296	63,922,426	398,247,824	87.9%
250,000 - 500,000	19,702,967	637,695	1,295,288	0	0	0	21,635,950	419,883,774	92.7%
500,000 - 750,000	7,563,563	919,796	0	0	0	0	8,483,359	428,367,133	94.6%
750,000 - 1,000,000	10,223,436	0	0	0	0	0	10,223,436	438,590,569	96.8%
Over 1,000,000	14,461,007	0	0	0	0	0	14,461,007	453,051,576	100.0%
<b>Total</b>	<b>\$379,423,565</b>	<b>\$18,042,203</b>	<b>\$20,264,293</b>	<b>\$19,532,835</b>	<b>\$10,354,401</b>	<b>\$5,431,176</b>	<b>\$453,048,474</b>	<b>\$453,051,576</b>	

Amounts are gross of excess insurance and other recoveries.

Data was provided by the City.

# A PPENDICES



## Appendix F

### Fraud Audit







July 1, 2014

Re: Fraud Audit – City of Oakland

Dear Ms. Grant,

I am providing you with my findings upon reviewing City of Oakland files for appropriate Fraud recognition and pursuit.

**Approach:**

With the assistance of the City Risk Management Department I contacted the Fraud investigative vendor, PROBE, Inc. I spoke with Ms. Dalene Bartholomew who advised that assignments are provided through the City's TPA, JT2. Probe has access to JT2's claim system (SIMS), and usually the PROBE handler speaks with the JT2 Examiner to agree on a plan of action for each case.

If the PROBE investigation results in a finding of probable or potential fraud, PROBE contacts JT2 to get authorization for referral to the County DA and/or State Department of Insurance Fraud Bureau, filing an FD-1. Sometimes the result is the denial or significant compromise of the claim based on the findings. The DA makes the determination as to whether to proceed with criminal charges. (I found no cases where such charges were pursued, even when referred with investigative findings.)

PROBE then sent me a listing of 100% of the fraud referrals from 2011 through 2014. I reviewed 100% of these cases. There were 2 from 2011, 0 from 2012, 19 from 2013, and 34 from 2014 YTD (55 total).

Also through the assistance of the City Risk Management Department, I reviewed a sampling of claims which had not been referred to PROBE to ensure that issues were being appropriately identified. I identified a random sampling of 55 claims, based on loss descriptions which may have red flag elements to consider.

**Findings:**

Probe assigned cases:

Of the 55 cases which had been assigned for PROBE investigation, I found no evidence of inappropriate activity on the part of the Examiner or the PROBE investigator. In 2013 and 2014 cases, referrals for investigation were made on cases which were even

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Chief Executive Officer: Michael Fleming

Legal Counsel: Stephen Underwood

Chief Operating Officer: Gina Dean

marginally suspicious, based on elements such as inability to reach the worker, or prior similar injuries. In my estimation, about half of the referrals were not needed, and no elements were found warranting fraud referral to the DA or State. (Additionally, I found no cases which the DA elected to pursue. There were one or two which seemed to have sufficient basis for additional review, however the DA's office declined pursuit.)

Of the 55 cases reviewed with no PROBE referral, I did not find any which had firm indicators which would warrant suspicion. I found 2 cases (3.6%) which had the potential to be referred for an FD-1 filing. However, both cases were minimal, with one being denied and one having no lost time, and were closed by the time of my review.

**Analysis:**

Based on my review of the cases referred, and those which were not, I found no indication that the City, via their TPA, JT2, is missing referrals on cases of a suspicious nature. If anything, the examiners err on the side of caution and, when in doubt, refer the claim to ensure compliance of all State requirements. It is obvious that suspected fraud reporting increased dramatically in 2013 and 2014.

I learned that PROBE provides training to the City and the JT2 Examiners on an annual basis on fraud recognition, handling and pursuit. For the files that I reviewed, all elements of this training appear to be being implemented.

Thank you for the opportunity to provide this review of the fraud process for the City of Oakland, and for your assistance in opening the doors to both PROBE and JT2. Both companies took the time to explain the processes in place and were very cooperative in providing me the needed data for this audit.

Respectfully submitted,



Jack Blyskal, CPCU, ARM  
Chief Claims Officer  
CSAC Excess Insurance Authority

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FINANCE & MANAGEMENT CMTE.

MAY 12 2015