



Legislation Details (With Board Report)

**File #:** BC 18-026      **Name:** BC FY17-18 Mid-Year & Fy16-17 YearEnd GL & WC Report

**Type:** Budget Committee      **Status:** Agenda Ready

**File created:** 2/23/2018      **In control:** Budget Committee

**On agenda:** 3/8/2018      **Final action:**

**Title:** Receive a report on the General Liability and Workers' Compensation Programs for FYE 2016-17 and FY 2017-18 Mid-Year.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. BC Presentation - FY17-18 Mid-Year & FY16-17 YearEnd GL & WC Report, 2. RMA-Parks-WC 7 Year 2018, 3. MCSO Safety Statistics Thru FY18, 4. Natividad Medical Center 20180308

Date	Ver.	Action By	Action	Result
3/8/2018	1	Budget Committee		

Receive a report on the General Liability and Workers' Compensation Programs for FYE 2016-17 and FY 2017-18 Mid-Year.

**RECOMMENDATION:**

It is recommended that the Board of Supervisors' Budget Committee:

Receive a report on the General Liability and Workers' Compensation Programs for FYE 2016-17 and FY 2017-18 Mid-Year.

**SUMMARY/ DISCUSSION:**

Attached is an overview of the Insurance Policies, General Liability (GL) and Workers' Compensation (WC) programs for Fiscal Year Ending (FYE) 2016-17 and Mid-Year Fiscal Year (FY) 2017-18 as of December 31, 2017. This report is in response to the Board of Supervisor's request for a semi-annual update on the trends of claim frequency and severity for GL and WC.

The County of Monterey is a certified State of California Self-Insured Public Entity. Pursuant to the State Controller's guidelines for self-insured California Counties, Risk Management contracts with an independent actuarial firm, Bickmore Risk Services, to conduct annual studies and provide reports for both the General Liability and Workers' Compensation programs.

These independent actuarial reports determine and reflect:

- The County's liabilities for current and future claims;
- The Internal Service Fund's assets available to pay these liabilities; and
- The cost allocations to be charged to each department, to fund liabilities at the 70% confidence level.

**Insurance:**

Insurance placement and binder for FY 2018-19 is in the beginning stages of the renewal process. The estimated costs for the premiums are expected to increase:

- California State Association of Counties - Excess Insurance Authority (CSAC-EIA) - Excess Workers' Compensation premium estimated to increase as much as 25%

- CSAC-EIA - Property Insurance premium is estimated to increase 22%, however the FY 2017-18 premium only increased 2%. Only the actual policy cost is allocated to departments, unfortunately the final number will not be available until April after the Baseline Budget is due.
- Marsh Risk & Insurance - General Liability Excess Insurance premium initially estimated an increase of 15%, as the carrier was able to hold the line on increasing since the FY 2014-15 premium; it is not expected that we will be able to continue that trend with the increase in claims and severity of claims
  - o Carriers are pushing for a higher Self-Insured Retention (SIR) than our current \$1.5 million
- BETA Health Group (BETA) - is estimated to increase 15% as occurred in FY 2016-17

### **General Liability:**

The GL Program is midway through the second year of having our Third Party Administrator (TPA), Intercare Holdings Insurance Services, Inc., managing the GL claims. Intercare has actively been triaging the claims turned over to them on July 1, 2016, as well as new claims, received for the status of the claim, reserves, and Recoverable versus Non-Recoverable. Expenditures for Non-Recoverable claims cannot be passed through to the State or Federal levels for funding purposes.

### **FY 2018-19 GL Claims Allocations are increasing a combined average of 18.2% to a total of \$12,176,000:**

- Recoverable is increasing 7.6% to \$5,772,000
- Non-Recoverable is increasing 29.7% to \$6,404,000

### **FYE 2016-17:**

- 166 new claims had been filed with 17 additional sub-claims for a combined total of 183, with an average Incurred Cost of \$23,525/claim
  - o Fourteen (14) of these claims have been identified as Non-Recoverable with an average Incurred Cost of \$89,643
  - o 152 of these claims are considered Recoverable with an average Incurred Cost of \$17,446
- 121 claims were closed through dismissal, settlement or verdict with an average Incurred Cost of \$14,022/claim
- 140 claims are still in the open/pending status at an average Incurred Cost of \$108,214/claim.

### **FY 2017-18 as of December 31, 2017:**

- 72 new claims had been filed with 17 additional sub-claims for a combined total of 183, with an average Incurred Cost of \$3,494/claim
  - o One (1) of these claims have been identified as Non-Recoverable which was closed for zero dollars.
  - o 71 of these claims are considered Recoverable with an average Incurred Cost of \$3,494
- 72 claims were closed through dismissal, settlement or verdict with an average Incurred Cost of \$4,870/claim
- 146 claims are still in the open/pending status at an average Incurred Cost of \$109,584/claim.

The Incurred Cost of a claim includes legal expenses (e.g. filing fees, court reporting fees, attorney fees, etc.) and potential or actual cost of final resolution and settlement costs.

### **Workers' Compensation:**

The addition of the Safety Coordinator/Investigators (SCI) at the Sheriff's office and Natividad Medical Center last April is showing some positive trends in preventing claims.

### **FY 2018-19 WC Allocations are increasing 9.3% to \$20,476,000**

### **FYE 2016-17:**

- 504 new claims were filed, at an average Incurred Cost of \$8,713/claim for a 12% improvement

- 526 claims were closed, at an average Incurred Cost of \$14,510/claim
- 887 claims are still in open/pending status, at an average Incurred Cost of \$143,010/claim

**FY 2017-18 as of December 31, 2017:**

- 270 new claims were filed, at an average Incurred Cost of \$5,880/claim for a 1.9% improvement over the 1<sup>st</sup> half of FY 2016-17
- 303 claims were closed, at an average Incurred Cost of \$14,598/claim
- 895 claims are still in open/pending status, at an average Incurred Cost of \$145,650/claim

The Incurred Cost of a Workers' Compensation claim includes all medical costs, legal costs, temporary disability payments and potential or actual cost of final resolution and settlement costs.

**Resource Management Agency (RMA) Safety Program:**

Safety within RMA has made significant strides in changing its safety culture and behavior over the past five years. The number of claims, even with the addition of Parks, has shown a 46% improvement for FY 2013-14 through FY 2016-17 (86 claims) versus FY 2009-10 through FY 2012-13 (184 claims). The leading Injury by Nature is "Strain" followed by Dermatitis (i.e. bug bites, poison oak, etc.) and Contusions.

**Sheriff's Office (SO) Safety Program:**

The joint SO and Risk Management (RM) Safety Program at the SO is showing improvements with changing how accidents and injuries are viewed within the SO. New trainings such as Bloodborne Pathogens, Hazard Communication, and Heat Illness Prevention have been added in the past year. FY 2016-17 experienced a 17.4% reduction in total Claims over FY 2015-16 and is currently trending towards further reductions for FY 2017-18. The three leading types of injuries are Strains - 42%, Contusions - 15% and Lacerations/Foreign Body/Other Cumulative Injuries being 1% each.

**Natividad Medical Center (NMC) Safety Program:**

The joint NMC and RM Safety Program is currently in its infancy so the focus has been on improving safety awareness for employees and developing a workplace Violence Prevention Program (per new regulation) and Ergonomics. NMC did experience an 8.8% reduction in injuries from FY 2015-16 to FY 2016-17 and is currently trending to additional improvements. The most common injuries have been Strains, Struck By, Falls/Slips/Trips and Cut/Puncture/Scrapes.

**OTHER AGENCY INVOLVEMENT:**

N/A

**FINANCING:**

Accepting this report and presentation has no funding impact to the General Fund.

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

Check the related Board of Supervisors Strategic Initiatives:

- Economic Development** - Through collaboration, strengthen economic development to ensure a diversified and healthy economy.
- Administration** - Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.
- Health & Human Services** - Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for health choices and healthy environments in collaboration with communities.
- Infrastructure** - Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

**Public Safety** - Create a safe environment for people to achieve their potential, leading business and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by:

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Approved by:

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**Attachments:**

PowerPoint Presentation - FY17-18 Mid-Year & FY16-17 Year End GL & WC Report

PowerPoint Presentation - RMA-Parks-WC 7Year 2018

PowerPoint Presentation - MCSO Safety Statistics Thru FY18

PowerPoint Presentation - Natividad Medical Center 20180308