



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legislation Details (With Board Report)

File #: BC 17-0526 **Name:** BC FY16-17 Mid-Year WC and GL Review
Type: Budget Committee **Status:** Agenda Ready
File created: 5/18/2017 **In control:** Budget Committee
On agenda: 6/28/2017 **Final action:**

Title: Receive an oral report and presentation on the General Liability and Workers' Compensation Programs for FY 2016-17 through March 31, 2017.

Sponsors:

Indexes:

Code sections:

Attachments: 1. BC Presentation - FY16-17 GL and WC Mid Year Report

Date	Ver.	Action By	Action	Result
6/28/2017	1	Budget Committee		

Receive an oral report and presentation on the General Liability and Workers' Compensation Programs for FY 2016-17 through March 31, 2017.

RECOMMENDATION:

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

Receive an oral report and presentation on the General Liability and Workers' Compensation Programs for FY 2016-17 through March 31, 2017.

SUMMARY/ DISCUSSION:

Risk Management will present an overview of the General Liability (GL) and Workers' Compensation (WC) programs for Mid-Year Fiscal Year (FY) 2016-17 as of March 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.

Both the GL and WC Programs have been funded at the 70% Confidence level for the past 11 years, which is considered "marginally acceptable" by the County's actuarial company. The State Controller's Office and the County's independent actuarial company, however, recommend that after 10 years of operation these two programs should move to an 80% confidence level of funding.

Prior to October/November 2017, the Board of Supervisors will need to consider whether the GL and WC programs should be moved to the 80% confidence level or remain at the current level of 70%.

General Liability:

As previously reported in the FY 2015-16 ending report, the GL Program has a new Third Party Administrator (TPA), Intercare Holdings Insurance Services, Inc., for managing the GL claims. Intercare has activity been triaging the claims turned over to them July 1st as well as new claims received for the status of the claim, reserves and Recoverable versus Non-Recoverable. The delay of this mid-year report was due in part to this review process of all claims as well as system data transfers issues from the former TPA.

As of March 31, 2017:

- 123 new claims had been filed with 15 additional sub-claims for a combined total of 138, with an average Incurred Cost of \$22,275/claim
 - o Eleven (11) of these claims have been identified as Non-Recoverable with an average Incurred Cost of \$73,182
 - o 127 of these claims are considered Recoverable with an average Incurred Cost of \$17,866
- 105 claims were closed through dismissal, settlement or verdict with an average Incurred Cost of \$10,253/claim
- 152 claims are still in the open/pending status at an average Incurred Cost of \$93,032/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:

After an exhaustive search, the last Safety Coordinator/Investigator (SCI) has been hired to work with Natividad Medical Center in April to work on a proactive approve to WC claims. The Sheriff's office SCI was hired one year ago and has been making some positive strides in preventing claims.

As of March 31, 2017:

- 388 new claims were filed, at an average Incurred Cost of \$6,703/claim
- 461 claims were closed, at an average Incurred Cost of \$13,983/claim
- 866 claims are still in open/pending status, at an average Incurred Cost of \$141,269/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.

OTHER AGENCY INVOLVEMENT:

N/A

FINANCING:

Accepting this oral 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.

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Attachments:

PowerPoint Presentation - FY 16-17 GL and WC Mid-Year