



Finance Committee Memorandum

City of Arts & Innovation

TO: FINANCE COMMITTEE MEMBERS **DATE: SEPTEMBER 25, 2017**

FROM: HUMAN RESOURCES DEPARTMENT **WARDS: ALL**

SUBJECT: ANNUAL REPORT ON THE CITY'S WORKERS' COMPENSATION CLAIMS - FISCAL YEAR 2016-2017

ISSUE:

Review of the Annual Report on the City's Workers' Compensation Claims and Costs for Fiscal Year 2016/17.

RECOMMENDATION:

That the Finance Committee receive, provide input on, and forward to the City Council the Annual Report of the City's Workers' Compensation Claims and Costs for Fiscal Year 2016/17.

BACKGROUND:

This is the third report on the City's Workers' Compensation claims. Preceding this report is a financial overview of the Workers' Compensation and General Liability Funds. Accompanying is a report on the General Liability claims and program improvements.

These reports are provided to the Finance Committee and the City Council on a yearly basis, and present a snapshot of the claims received, processed, closed, litigated or otherwise handled over a twelve-month period. A financial overview will always accompany the reports.

In addition to the summary annual report presented to the Finance Committee and the City Council, all City departments now review their open claims on a monthly basis. On a quarterly basis, the City Manager's Office and the City Attorney's Office meet with Finance (on the General Liability claims) and Human Resources (on the Workers Compensation claims) to review patterns and discuss any changes to policies or management actions.

The City of Riverside's Workers Compensation Program has been self-insured and self-administered since January 1, 1979. The main purpose of the program is to ensure that injured workers and their eligible dependents, in the event of their death, receive the full measure of compensation promptly and accurately according to state laws.

The Human Resources Department administers the City's Workers' Compensation program for employees and volunteers. This report reflects the most recent Workers' Compensation claim

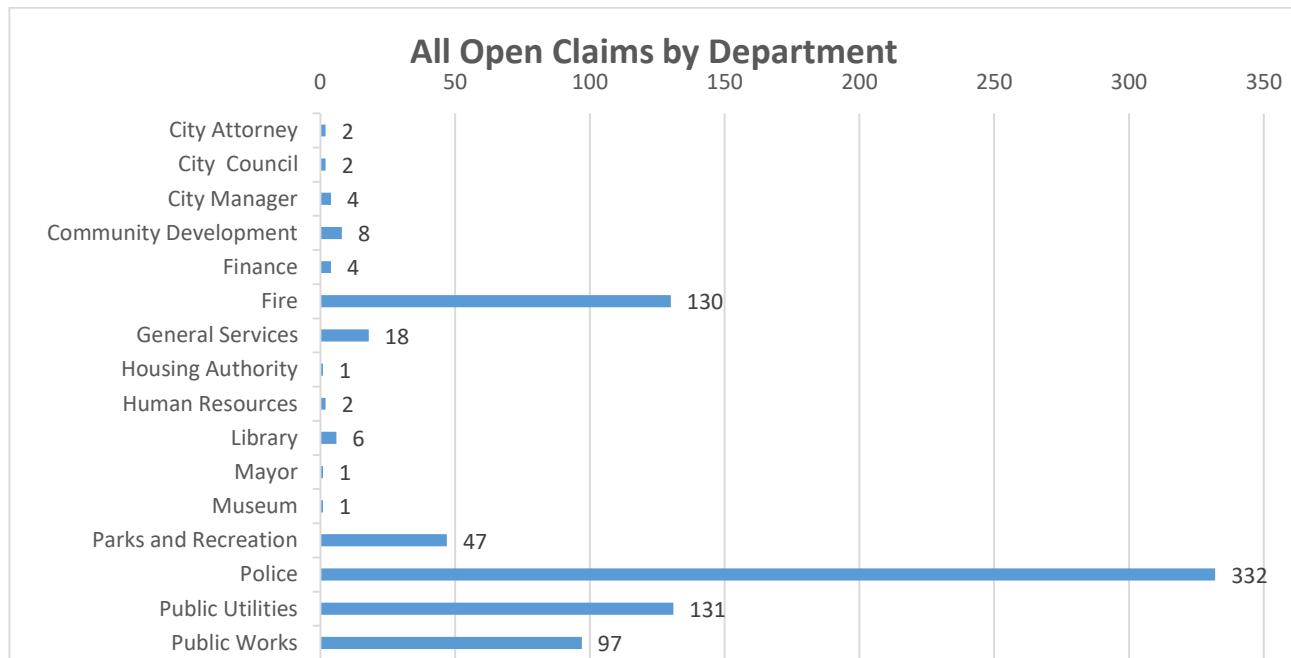
experience, from July 1, 2016 through June 30, 2017, along with the related outside legal counsel and litigation costs.

DISCUSSION:

A. Overview of Open Claims as of June 30, 2017

As of June 30, 2017, there were 786 open workers compensation claims. Most claims were for Police employees, followed by Public Utilities, Fire and Public Works. Below is a summary by City department.

CLAIM INFORMATION July 1, 2016 through June 30, 2017



Of the 786 open claims: 1) 444 (56%) included lifelong medical expenses and 342 (44%) did not; and 2) 324 were new claims filed during July 1, 2016-June 30, 2017.

The program's expenditures for the same time period totaled \$5,901,737, of which \$1,498,993 was related to permanent disability. Over the last three years, the Division has settled the following claims (through Stipulations or Compromise and Release Agreements):

Fiscal Year Ending	Number of New Claims Filed	Number of Settlements:	Percentage of Total Claims Settled
2014	320	81	26%
2015	276	62	22%
2016	340	79	23%

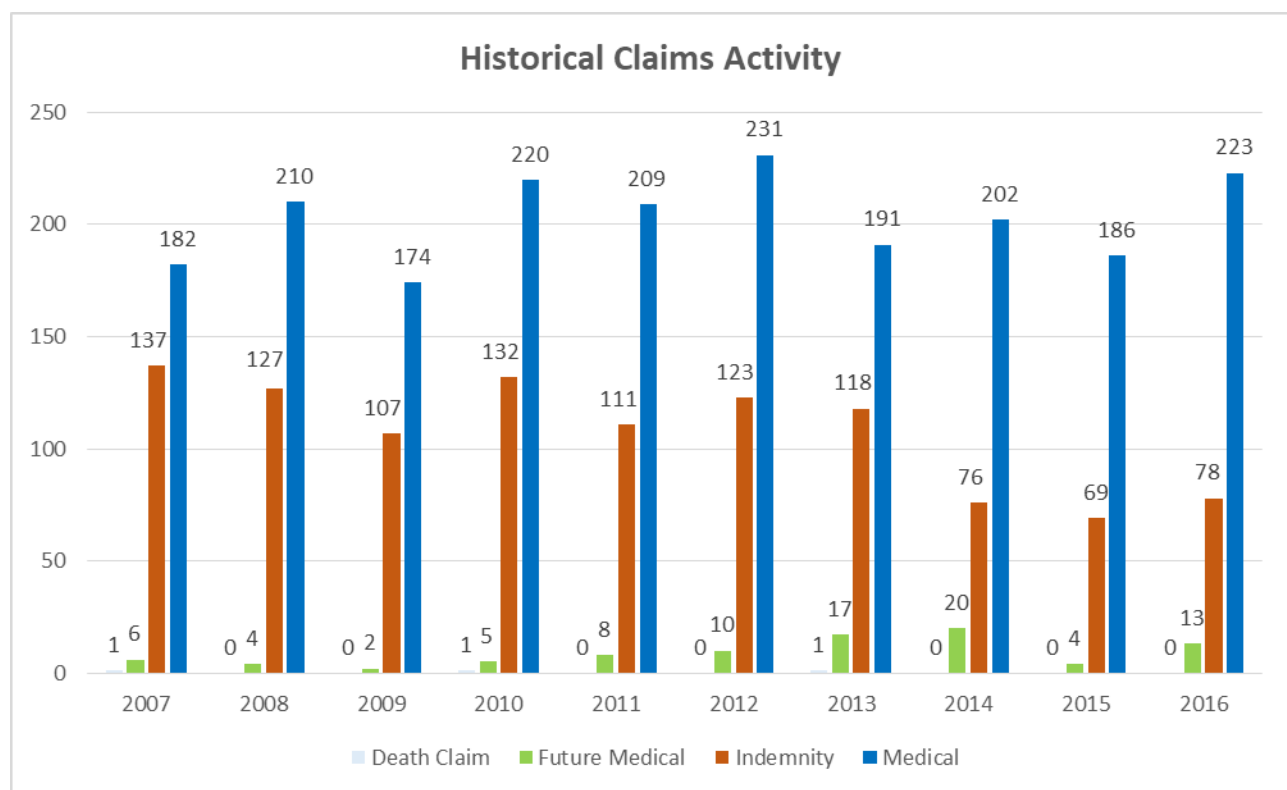
B. Historical Claims Activity

During the period of January 1, 2007 through December 31, 2016, the Workers' Compensation Division received 3,547 claims, an average of 354 new claims per calendar year. The chart on the following page shows activity by the type of claims:

- Medical-only: medical treatment only and no time off from work
- Indemnity: wage loss due to time off from work because of injury/illness
- Future medical: on-going right to medical treatment for a work-related injury
- Death claim: death due to work-related injury/illness

Medical-only claims represent the majority of the claims, accounting for 71% of total claims received during the time period.

JANUARY 1, 2007 through DECEMBER 31, 2016



C. Outside Legal Counsel and Litigation Costs

The City retains outside legal counsel when the injured employee retains his/her own legal representation. Once this occurs, all interaction between the injured employee and the City are done through each party's legal representative. This includes any formal and informal communication as well attending court proceedings. Selection of outside legal counsel is made by the Human Resources Department with approval of the City Attorney's Office.

The City has accumulated a total of \$386,751 in **outside legal costs** during July 1, 2016 to June 30, 2017. In the past five years, the annual outside legal counsel costs ranged from \$279,767 to \$386,751. Over the same July 2016-June 2017 period, **litigation** costs totaled \$108,861. In the past years, these costs ranged from \$108,861 to 139,230.

Effective July 1, 2017, the City Council approved insourcing of legal counsel for the Workers Compensation program. Over the next few months, workers compensation cases will be transitioned from outside counsel to the City Attorney's Office.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report. For information, the Workers' Compensation program's expenditures during July 1, 2016-June 30, 2017 totaled \$5,901,737, of which \$1,176,377 are related to permanent disability claims and \$386,751 are for outside legal counsel.

Prepared by:	Stephanie Holloman, Human Resources Director
Certified as to availability of funds:	Adam Raymond, Chief Financial Officer/Treasurer
Approved by:	Marianna Marysheva, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachment:	Presentation
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