

City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: NOVEMBER 6, 2018

FROM: HUMAN RESOURCES DEPARTMENT WARDS: ALL

SUBJECT: ANNUAL REPORT ON THE CITY'S WORKERS' COMPENSATION CLAIMS AND COSTS FOR FISCAL YEAR 2017-2018

ISSUE:

Approve the Annual Report on the City's Workers' Compensation Claims and Costs for Fiscal Year 2017/18.

RECOMMENDATION:

That City Council approve the Annual Report of the City's Workers' Compensation Claims and Costs for Fiscal Year 2017/18.

FINANCE COMMITTEE RECOMMENDATION:

The Finance Committee met on October 10, 2018 with Chair Adams, Vice Chair Conder and Member Soubirous for a presentation of the Workers' Compensation claims. After discussion, the Committee unanimously voted to receive and file the annual report of the City's Workers Compensation Claims and Costs for Fiscal Year 2017/18; and recommended that City Council approve the Annual Report of Workers' Compensation Claims and Costs for Fiscal Year 2017/18.

BACKGROUND:

This is the fourth 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.

The Worker's Compensation claims reports are provided on an annual 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 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.

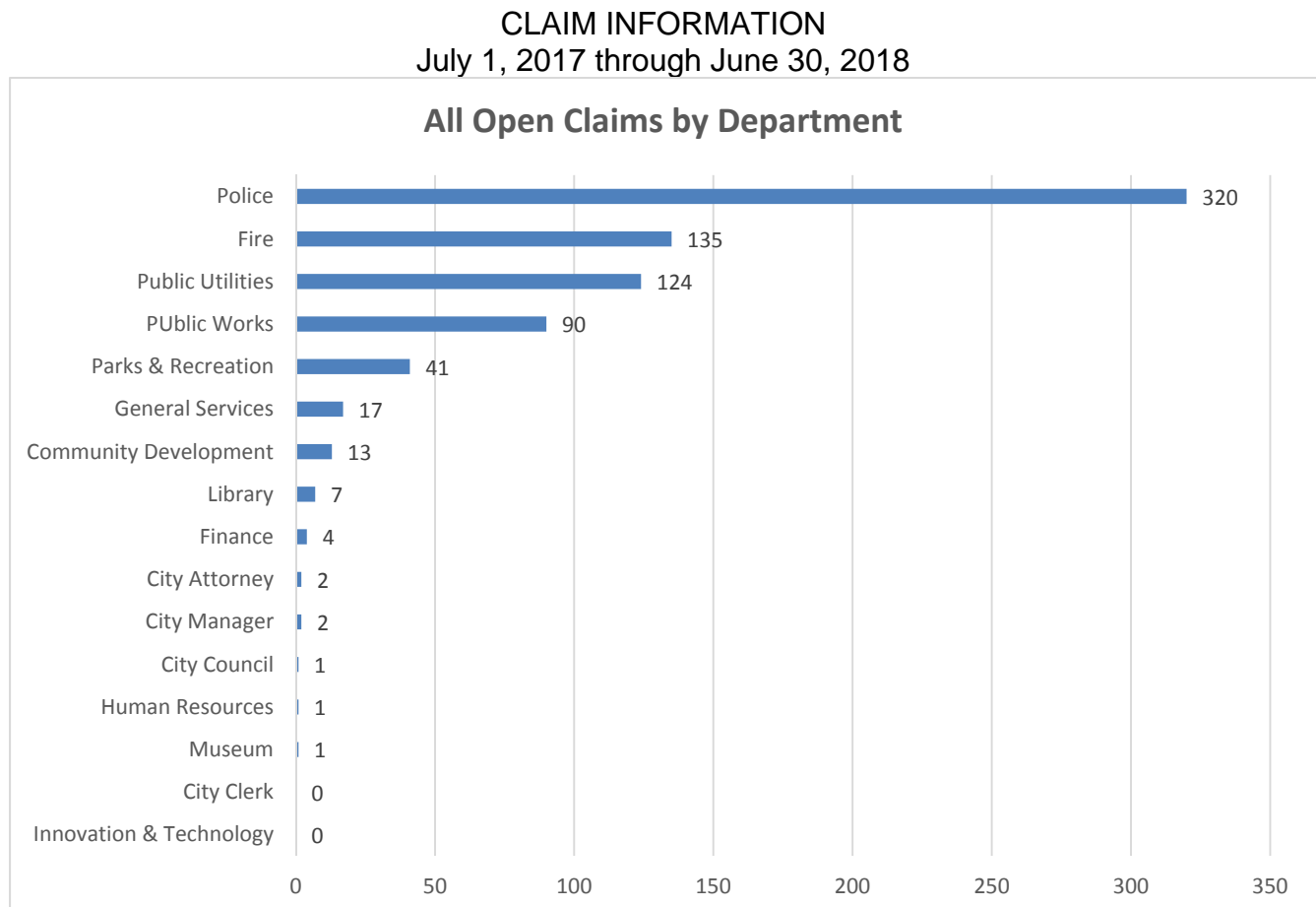
The Human Resources Department administers the City's Workers' Compensation program for employees and volunteers. This report reflects the most recent Workers' Compensation claims experience from July 1, 2017 through June 30, 2018, along with the related outside legal counsel and litigation costs.

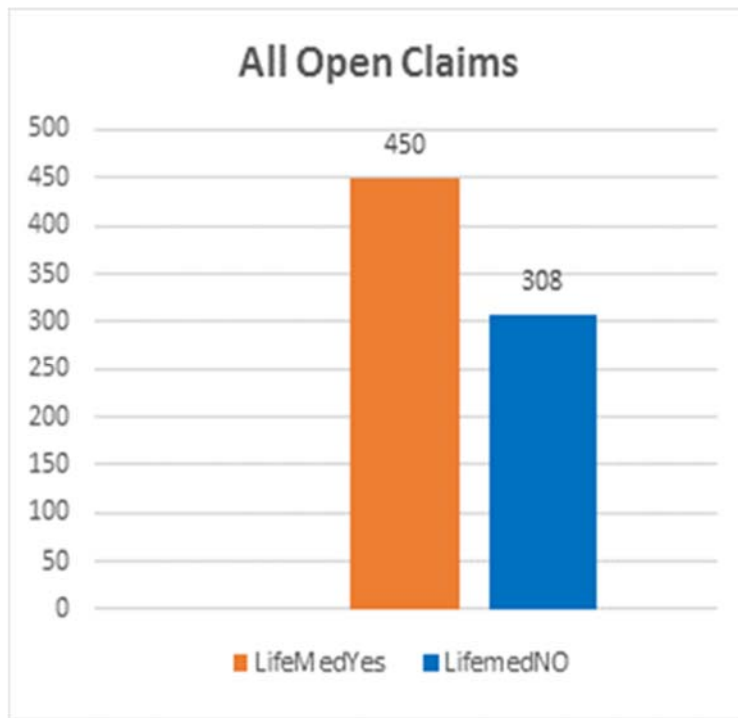
DISCUSSION:

On April 13, 2016, the Human Resources Department presented the Finance Committee with the first overview report for the City's Workers' Compensation program and related claims for the period of July 1, 2015, to February 29, 2016. The current report reflects the entire fiscal year 2017/18.

Overview of Open Claims as of June 30, 2018

The Workers' Compensation division in the Human Resources Department currently has 758 open claims. They are distributed among various City departments as follows:





Of the claims shown above, 279 are new claims filed during July 1, 2017-June 30, 2018.

The program's expenditures for the same time period total \$7,679,631, of which \$2,889,338 is 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 Open Claim (not including future medical)	Number of Settlements:	Percentage of Total Claims Settled
2016	358	79	22%
2017	316	71	23%
2018	304	94	31%

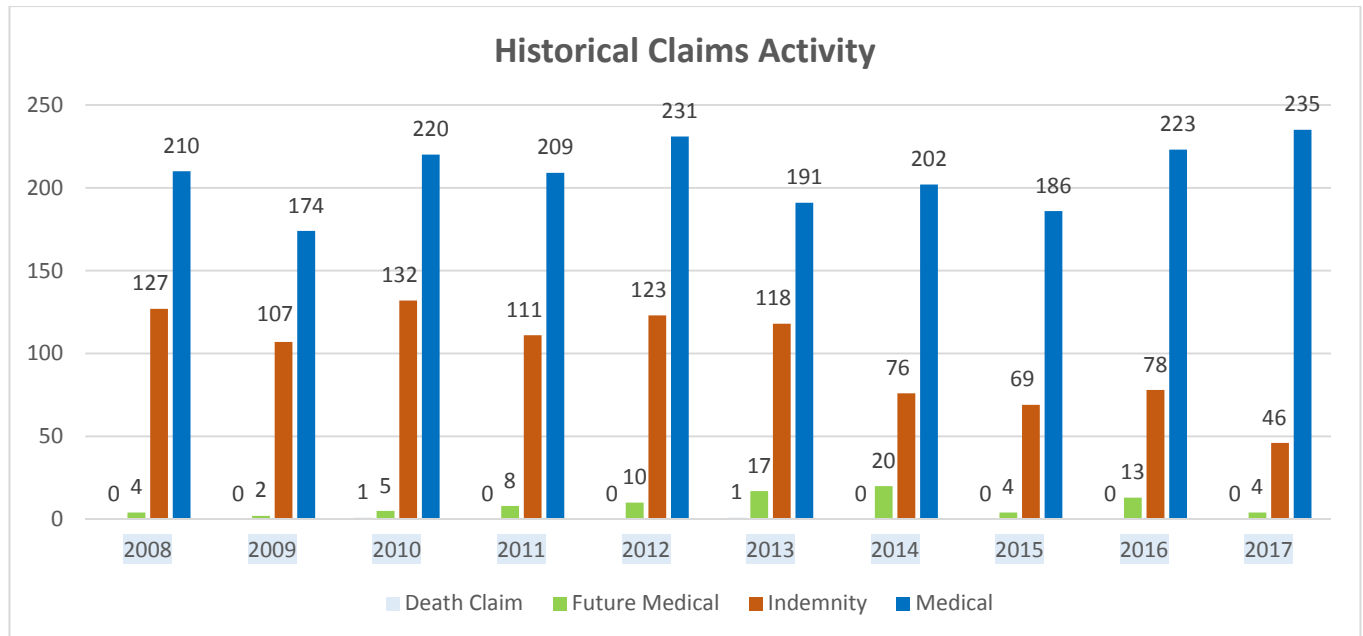
Historical Claims Activity

During the period of January 1, 2008 through December 31, 2017, the Workers' Compensation Division received 3,389 claims, an average of 339 claims per calendar year. The chart on the following page shows activity by the type of claims:

1. Medical-only: medical treatment only and no time off from work
2. Indemnity: wage loss due to time off from work because of injury/illness
3. Future medical: on-going right to medical treatment for a work-related injury
4. 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, 2008 through DECEMBER 31, 2017



Outside Legal Counsel and Litigation Costs

The City retains outside legal counsel when the injured employee retains his/her own legal representation. Since February 2018, the City has been represented by the City Attorney's Office. Once legal counsel is involved, 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. Since February 2018, the City has not assigned any claims to outside counsel. If, however, it becomes necessary to retain outside legal counsel, this selection is made by the Human Resources Department with approval of the City Attorney's Office.

The City has accumulated a total of \$333,476 in **outside legal costs** during July 1, 2017 to June 30, 2018. In the past five years, the annual outside legal counsel costs ranged from \$279,767 to \$386,751. Over the same July 2017 to June 2018 period, **litigation** costs totaled \$90,122. In the past five years, these costs ranged from \$89,678 to \$139,230. It is anticipated that the outside legal costs will be greatly reduced in the future due to the handling of these claims by the City Attorney's Office.

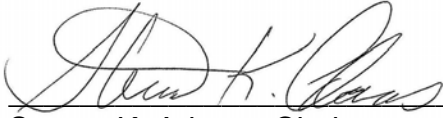
As of January 16, 2018, The City Attorney's office has hired one attorney to handle some past and future legal claims. He currently has a case load of 50 claims.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report. For informational purposes, the Workers' Compensation program's expenditures during July 1, 2017-June 30, 2018 totaled \$7,679,631, of which \$2,889,338 are related to permanent disability claims and \$333,476 were for outside legal counsel.

Prepared by: Stephanie Holloman, Human Resources Director
Certified as to availability
of funds: Edward Enriquez, Interim Finance Director/Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Concurs with:

A handwritten signature in cursive script, appearing to read "Steven K. Adams", is written over a horizontal line.

Steven K. Adams, Chair
Finance Committee

Attachment: Presentation