

# COUNTY EXECUTIVE OFFICE RISK MANAGEMENT DIVISION

Workers'  
Compensation  
(WC) Report

Presented to the Santa Barbara County Board of  
Supervisors on January 14, 2013

# Stemming the Rising Tide of WC Costs

## CHALLENGES

- ❑ Increasing tail claims costs
- ❑ Higher premiums to departments
- ❑ Escalating insurance premiums

## ACTIONS

- ✓ Smooth impact over 7 years
- ✓ Offset with health insurance savings
- ✓ Analyze data/establish mitigating processes

# Increasing WC Costs

| \$ Million                        | 2010-2011     | 2011-2012     | 2012-2013      | 2013-14       |
|-----------------------------------|---------------|---------------|----------------|---------------|
| Insurance Premium and Admin Costs | \$ 9.6        | \$9.6         | \$ 11.2        | \$ 12.7       |
| TC Actuarial Adjustments          |               |               | \$ 0.6         | \$ 0.9        |
| One-time adjustment amortization  |               |               | \$ 1.5         |               |
| Grand Total                       | <u>\$ 9.6</u> | <u>\$ 9.6</u> | <u>\$ 13.3</u> | <u>\$13.6</u> |
| Increase over FY 2010-11          |               | <u>\$ 0.0</u> | <u>\$ 3.7</u>  | <u>\$ 4.0</u> |

**Tail Claims (TC) Amortization:**

2012-13 Amortization \$2.1M  
 6yrs. Amortization @ \$.9M/yr. \$5.4M  
**Total Amortization \$7.5M**

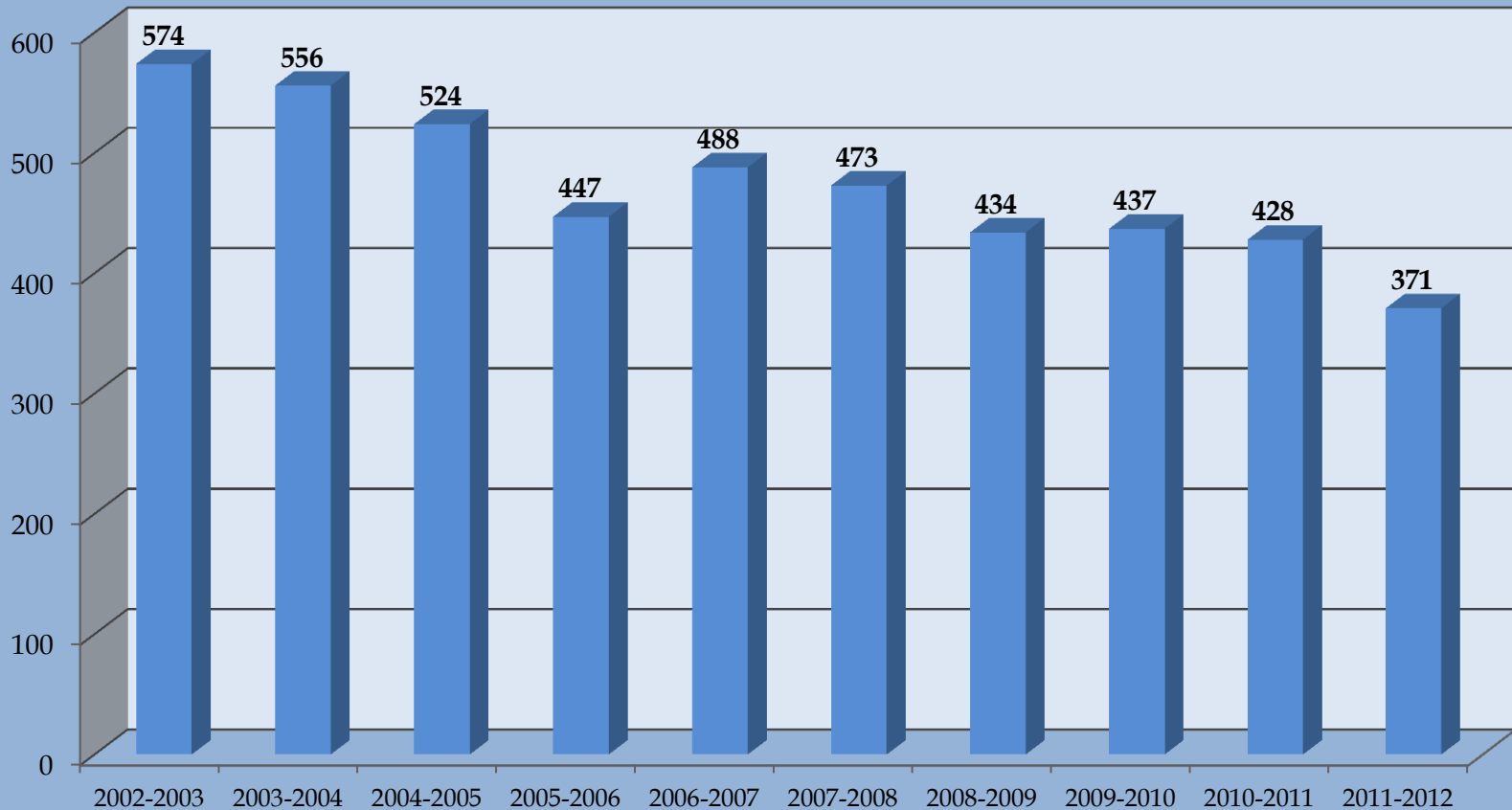
# Historical Premiums for WC



# Impact of Frequency & Severity

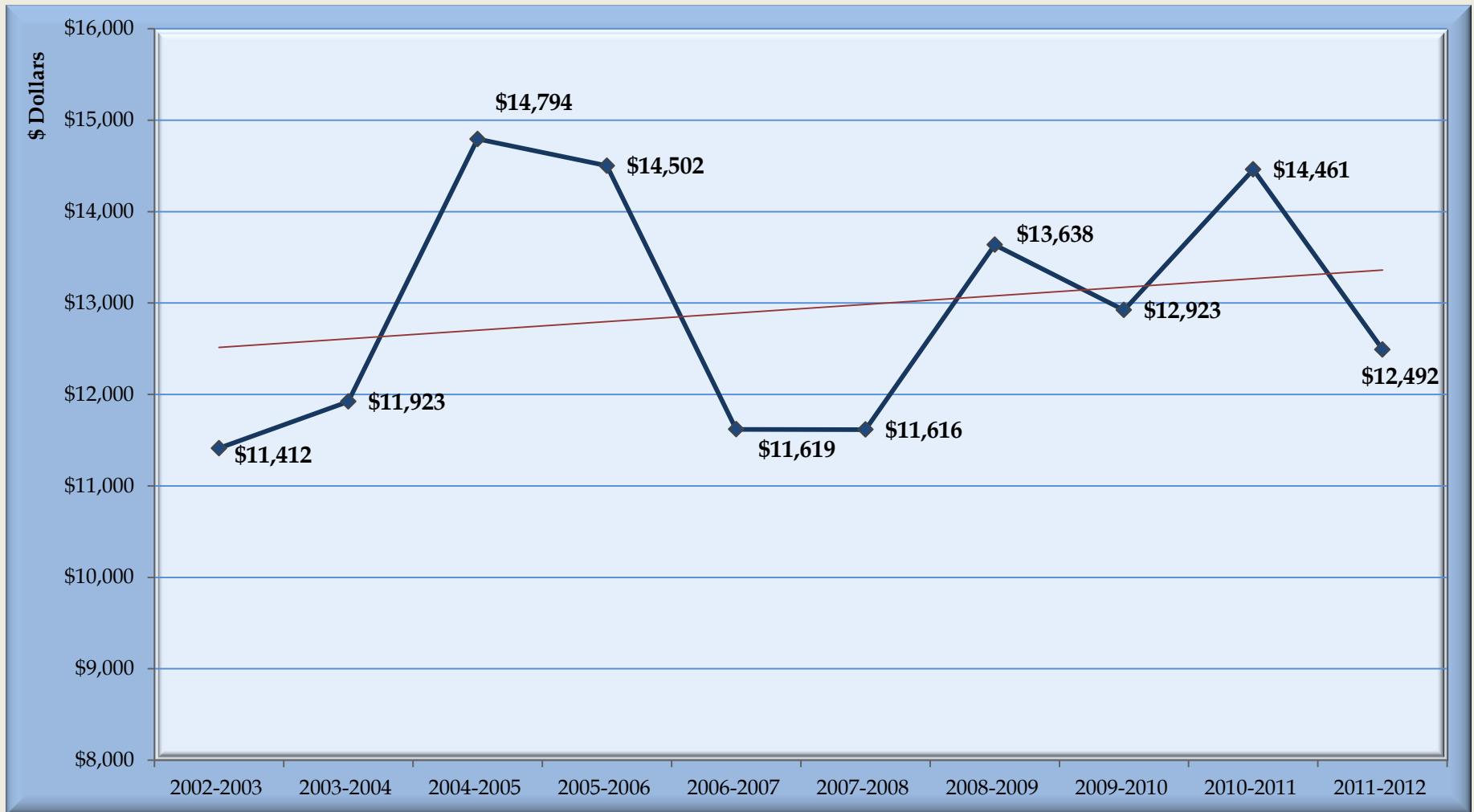
- ▣ Frequency – number of claims
  - Trending
- ▣ Severity – total cost per claim
  - Trending
- ▣ 35 Priority Cases – Severity
  - The total value of these 35 priority cases over time:
    - ▣ At 06/30/09                      \$10.1 million
    - ▣ At 06/30/12                      \$20.6 million
    - ▣ Increase                              \$10.5 million

# Claims Frequency



Number of claims occurring and reported within each fiscal year as of 6/30/XX

# Costs per Claim (Severity) as of 6/30/12 (capped at \$100,000)



# Priority WC Tail Claims Total Incurred Experience by Fiscal Year 2009-2012

| Fiscal Year  | As of<br>6/30/2009 | *As of<br>6/30/2010 | As of<br>6/30/2011 | As of<br>6/30/2012 |
|--|--------------------|---------------------|--------------------|--------------------|
| Priority Claims – Total Incurred per SBC Records (in millions) | \$10.1             | \$13.4              | \$16.3             | \$20.6             |
| \$ Change – Priority Claims                                    |                    | +\$3.3              | +\$2.9             | +\$4.3             |
| \$ Change Ultimate Loss (per Actuary)                          |                    | +\$1.3              | +\$3.0             | +\$4.0             |

\*Last year County Self-Insured



# Forward Focus

**Our GOAL is to prevent all industrial related injuries, but when they occur to effectively return employees to health and work as soon as possible**

- ▣ Creation of Action Plan
- ▣ Identified Priority Cases
- ▣ Implemented Resolutions/Mitigation Strategies
- ▣ Monitoring Revised Data Monthly (scorecard)
- ▣ Communicating Safety

**QUESTIONS?**

**THANK YOU!**