

Workers' Compensation

General Services Department

Presented to the

Santa Barbara County Board of Supervisors

August 2005



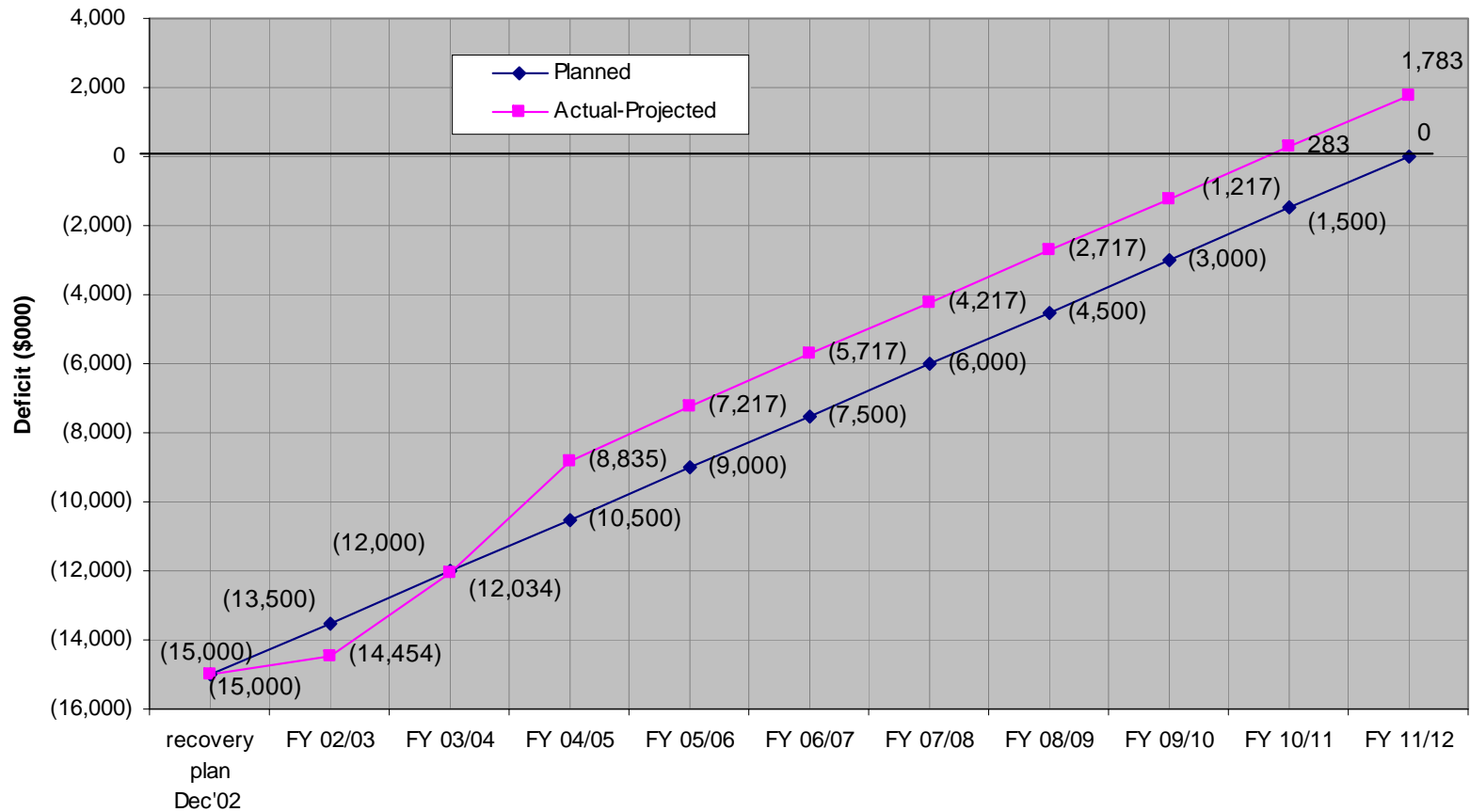
County of Santa Barbara

Topics of Discussion

- Fund Financial Status (Deficit Recovery)
- Frequency & Severity of Claims
- Claim Trends
- Impact of Recent Legislation
- Supporting Programs



Deficit Recovery \$3.2M in FY04-05



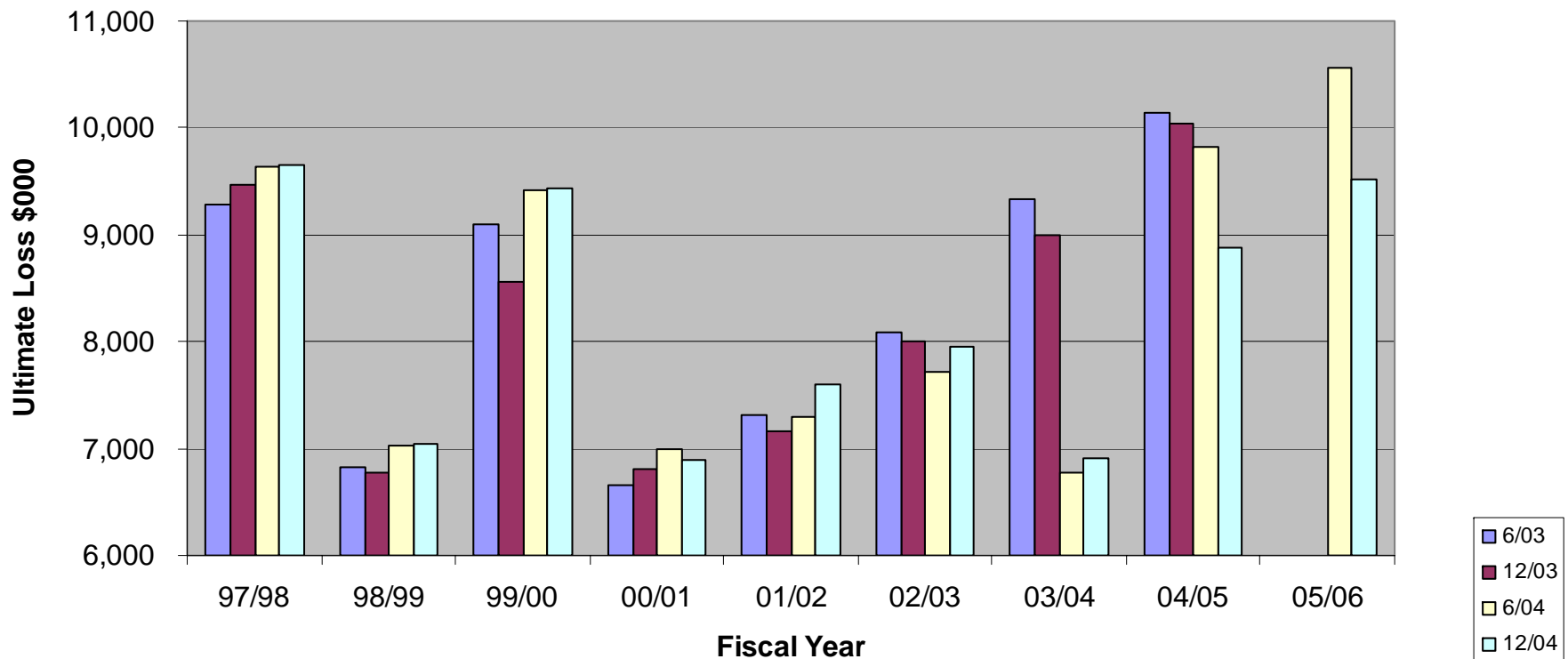
Financial Highlights

\$000 Fiscal Year End	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Cash	11,519	13,167	12,866	13,709	16,022
Other	199	226	209	(58)	(59)
Assets	11,718	13,393	13,075	13,651	15,963
Other	64	168	150	184	153
Claim Liability (Actuarial)	20,120	27,073	27,379	25,501	24,645
Equity	(8,466)	(13,848)	(14,454)	(12,034)	(8,835)
Liabilities and Equity	11,718	13,393	13,075	13,651	15,963
	<u>FY00--01</u>	<u>FY01-02</u>	<u>FY02-03</u>	<u>FY03-04</u>	<u>FY04-05</u>
Prem. Revenues	8,343	13,259	13,043	13,388	14,522
Program Costs	9,148	12,225	13,784	12,916	12,480



Ultimate Losses are Improving

Estimate Ultimate Liability Projected by Actuary at Different Points in Time



AB 749

Impact on Disability Payments

	BASE YEAR			
\$000	FY01-02	FY02-03	FY03-04	FY04-05
Disability Payments	\$3,669	\$3,764	\$3,609	\$3,305
-- TD Payments	\$1,525	\$1,529	\$1,439	\$1,387
% Change in TD Payments		0.3%	-5.6%	-9.0%
	2002	2003	2004	2005
Changes in TD Rates	\$490	\$602	\$728	\$840
% increase in TD Rates		23%	49%	71%



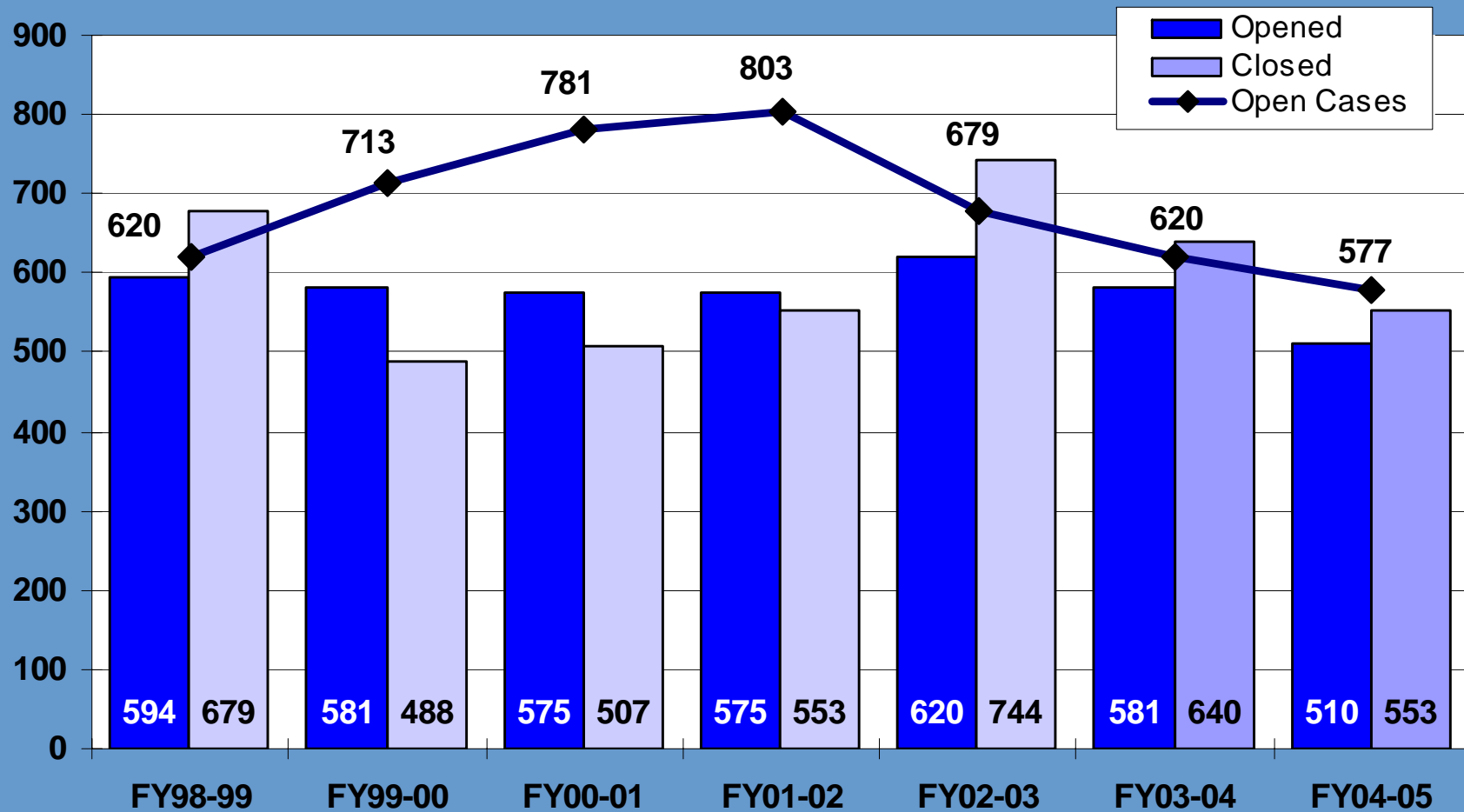
Frequency

- Number of Open Claims
- Incident Rate per 100 Employees
- How We Compare to Other Counties
- Are we Improving?



Open Cases by Fiscal Year

Note: Claims peaked at 922 in March 2002



Excluding incidents and first aid



Workers' Compensation

Incident Rate per 100 Employees

County	<u>03-04</u> <u>FTE's</u>	<u>FY99-00</u>	<u>FY00-01</u>	<u>FY01-02</u>	<u>FY02-03</u>	<u>FY03-04</u>	<u>FY-04-05</u>
Santa Barbara	4,209	11.3	11.2	13.3	13.5	12.4	12.0
SB w/out Fire	3,963	9.8	9.5	11.6	11.1	10.3	10.0
Sonoma	4,157	19.0	19.3	18.4	17.1	11.4	
Stanislaus	4,379	13.5	12.8	13.8	12.3	8.9	
San Luis Obispo	2,614	13.3	11.6	12.5	10.7	9.4	
Marin	2,089	13.1	13.0	9.5	16.0	13.1	
Fresno	7,700	14.9	13.7	13.4	12.8	9.3	
Average of Above		13.9	13.3	13.2	13.3	10.4	

Data Provided by Bickmore Risk Services



% Employees by Dept

Sheriff 15.4%

Fire 5.8%

Public Works 8.1%

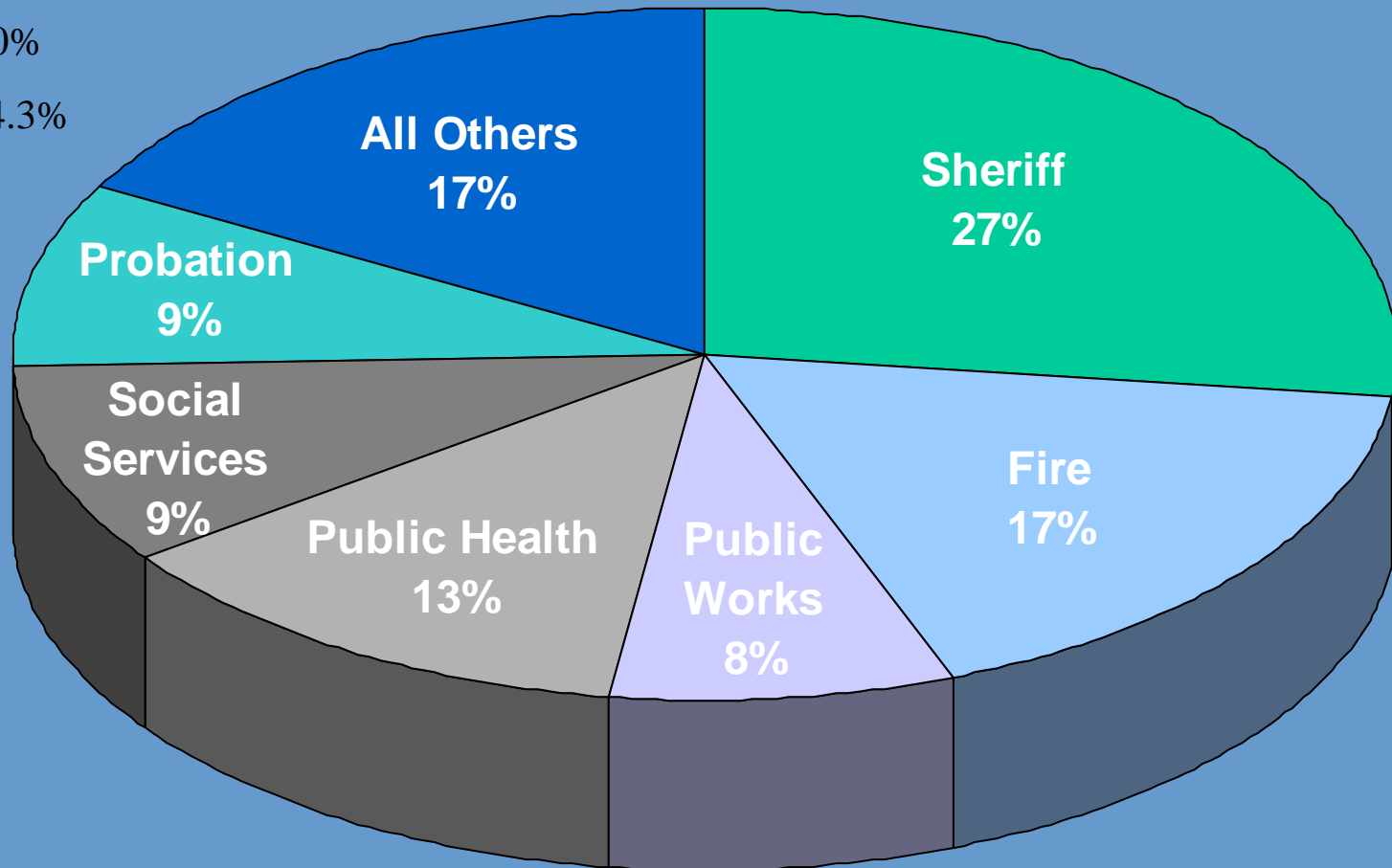
Public Health 13.0%

Social Services 14.3%

Probation 9.3%

All Others 34.1%

% of New Claims at 6-30-05 by Dept. (Big 6)



New Claims by Department

<u>Department</u>	<u>FY01/02</u>	<u>FY02/03</u>	<u>FY03/04</u>	<u>FY04/05</u>
Sheriff	159	170	172	137
Fire	77	104	88	88
Public Works	53	64	46	41
Public Health	84	58	50	65
Social Services	56	78	64	48
Probation	38	51	52	45
All other	108	95	109	86
Total	575	620	581	510

Excluding incidents and first aid



Severity

- Average Cost per Claim
- Loss Rate Trends
- How We Compare to Other Counties
- Are we Improving?



Average Cost per Claim

<u>County</u>	<u>03-04 FTE</u>	<u>FY98-99</u>	<u>FY99-00</u>	<u>FY00-01</u>	<u>FY01-02</u>	<u>FY02-03</u>	<u>FY03-04*</u>
Santa Barbara	4209	12,884	17,247	12,869	10,825	9,151	4,166
Sonoma	4157	12,650	11,125	11,409	9,605	8,288	4,994
Stanislaus	4379	10,074	8,065	10,740	10,253	7,699	6,123
San Luis Obispo	2614	9,915	9,830	20,259	16,072	13,027	14,237
Marin	2089	14,241	6,690	15,806	8,826	12,527	6,809
Fresno	7700	11,913	11,084	9,380	10,417	6,800	4,487
Average of Above		11,946	10,674	13,411	11,000	9,582	

* Claims in development

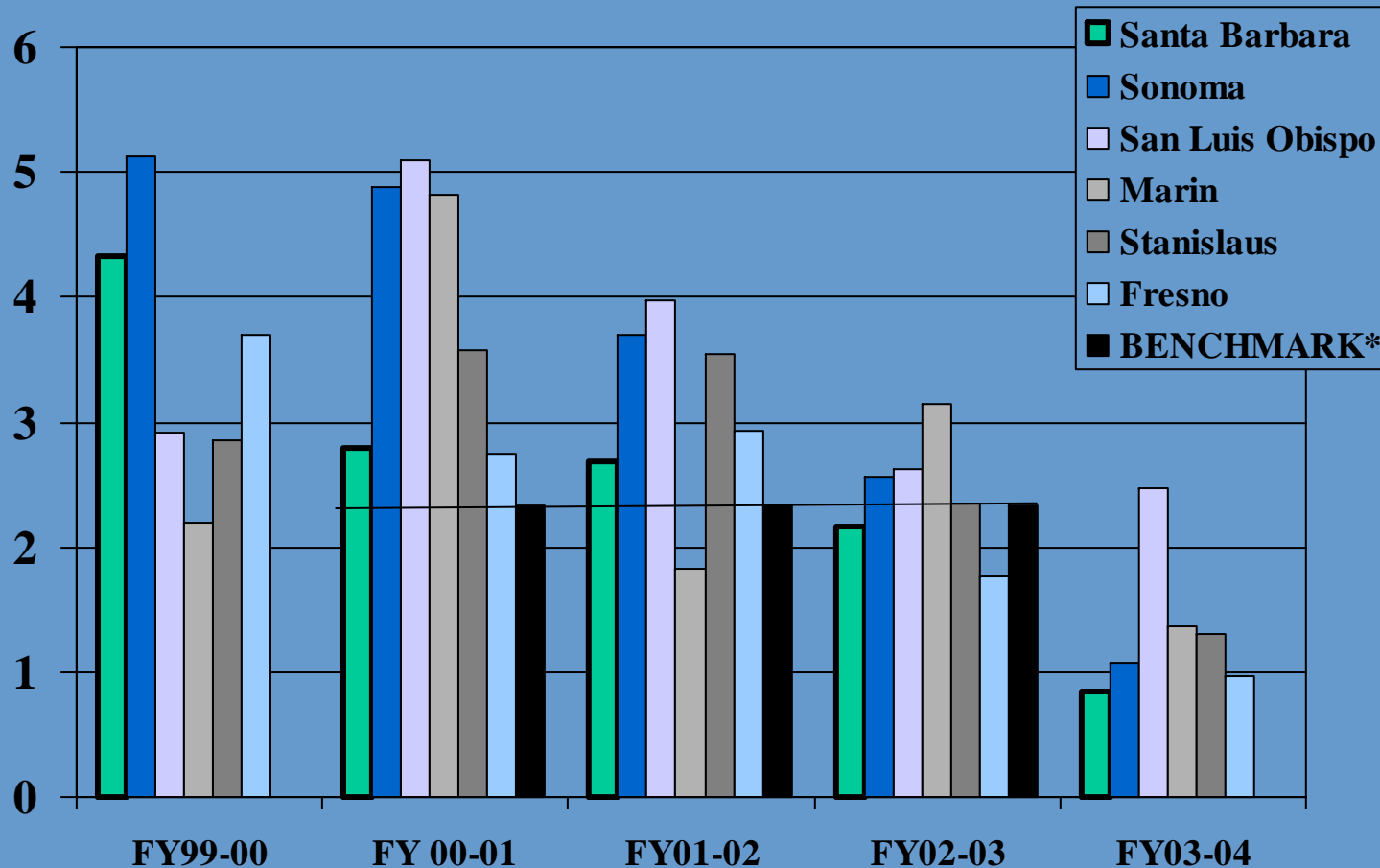
Data provided by Bickmore Risk Services



Loss Rate Trends

Cost per \$100 of Payroll

The Loss Rate for all Counties is improving



* California Institute for Public Risk Analysts, California Counties Average Loss Rate, '00-03 average



Claim Closure Trends

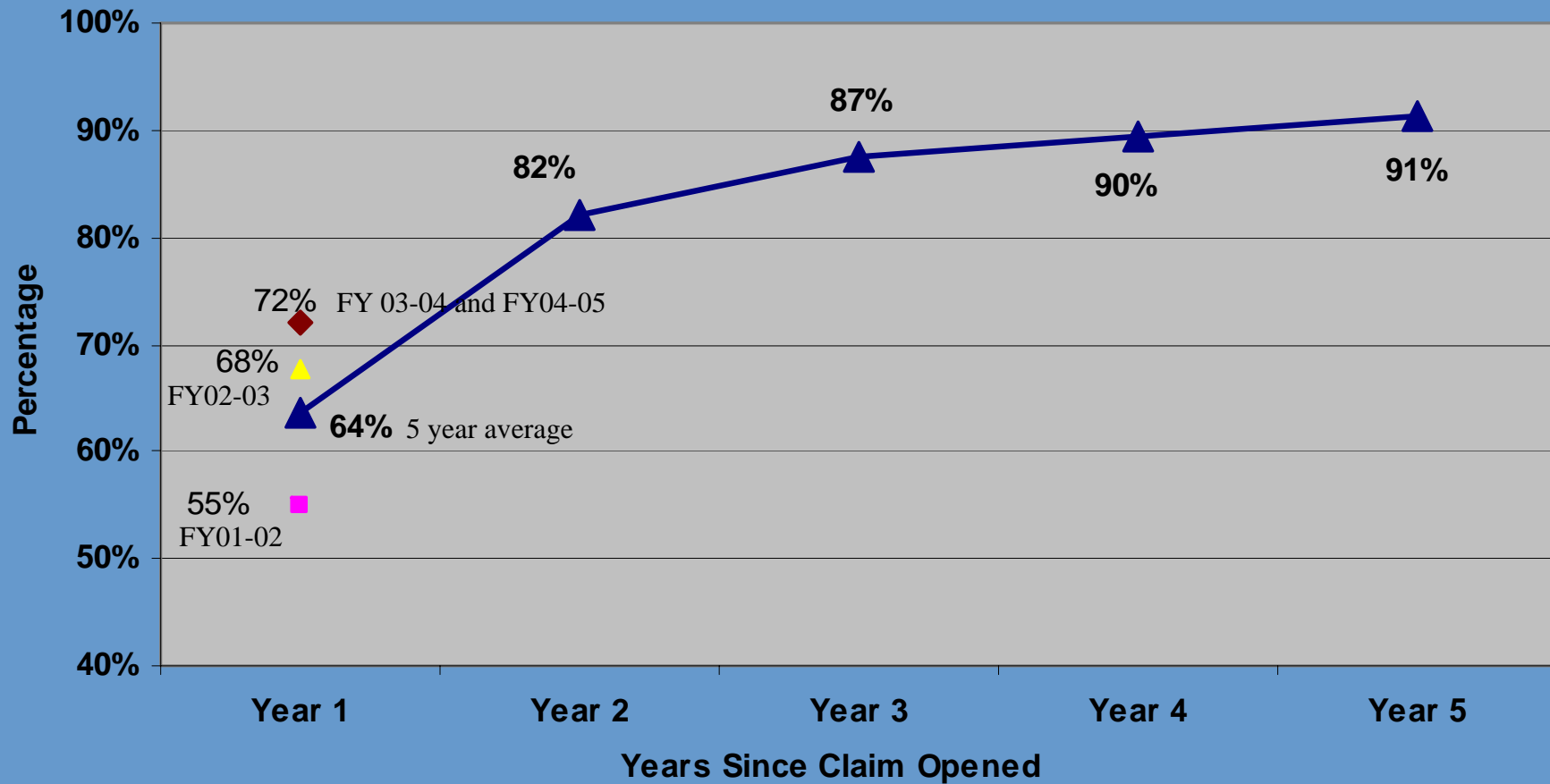
Closure Rates are Improving

	% Claims Closed within 180 Days	% Claims Closed within 1 year
FY03-04	67%	80%
FY02-03	63%	76%
FY01-02	54%	73%
FY00-01	45%	67%
FY99-00	45%	66%

Calculated from date notified of injury



5 Year Average % of Claims Closed Within 1-5 Years of Injury



Incurred Cost of Work Comp Claims by Age

<u>Age of Claim in Years</u>	<u>Average Incurred Reserves</u>
One	\$11,733
Two	\$49,439
Three	\$72,966
Four	\$94,758
Five	\$121,647

Based on fiscal year ending 6-30-2004



Claim Trends

- **Incident Rate has decreased in fiscal years '04 and '05.**
- **Incident Rate was among the lowest for several years and is now average compared to benchmark counties.**
- **Cost per claim is improving at a greater rate than other counties.**

- **Increasing Elements**
 - **Indemnity Rates (AB 749)**
- **Decreasing Elements**
 - **# of Open Claims**
 - **Cost per Claim**
 - **Disability Benefit Payments**
 - **Medical Costs Average**



Work Comp Legislation

SB899, Effective 4-19-04

Treatment Guidelines

- Utilization review**
- Occupational and physical therapy and chiropractic care limited to 24 visits each**

Early Medical Treatment

- \$10,000 limit on medical treatment until claim is rejected**

Penalty for Unreasonable Delay

- Penalty of up to 25% of amount delayed, to maximum of \$10,000**



Historic Medical Costs

\$000	FY99-00	FY00-01	FY01-02	FY02-03	FY03-04	FY04-05
Medical Costs	\$ 2,081	\$ 2,942	\$ 3,415	\$ 4,321	\$ 3,888	\$ 3,400
<u>Increase or (Decrease) from prior Year</u>						
\$		\$ 861	\$ 473	\$ 906	\$ (433)	\$ (488)
%		41%	16%	27%	(10%)	(13%)



Back To Work Program

Fiscal Year	Number of Participants*	Dollars Saved**	Days Saved
00/01	101	\$369,016	4,011
01/02	135	\$495,270	5,383
02/03	173	\$606,192	6,539
03/04	216	\$901,572	8,666
04/05	246	\$1,152,536	10,777
Totals	871	\$3,524,586	35,376

* Employees may participate in more than one year

** Estimate of Reduced TD Payments



Workers' Compensation

C.A.R.E.

Committee for Advising on Reasonable accommodation in Employment

- Developed to consider employment opportunities for disabled County staff whether work-related or not
- Reduces costs in Workers' Compensation, Disability Retirement and other areas
- 44 Cases considered to date - 31 employees placed in modified or alternate work
- 70% success rate, a 7% increase over last year.



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