

**Report on Workers Compensation
January 2002 through March 2002**

Recommendation

Receive and File the Report on Workers' Compensation.

Background

As requested by City Council, the following report on the City's workers' compensation program is provided.

Analysis

A ten-year annual claims expense summary is listed below. Expenses for the first six months of the current fiscal year are approximately 12% higher than the average of the previous two years.

Period	Claims Expense
FY 93/94	\$308,400
FY 94/95	\$535,708
FY 95/96	\$535,736
FY 96/97	\$492,079
FY 97/98	\$608,025
FY 98/99	\$521,352
FY 99/00	\$589,731
FY 00/01	\$447,801
FY 01/02	\$686,366
FY 02/03	\$685,173
FY 03/04 through 12/31	\$386,740

A significant cost associated with providing workers compensation benefits continues to be in providing salary continuation to sworn police and fire employees while they are temporarily disabled from their work. These benefits are provided in the Labor Code and are commonly referred to as "4850 time". Not only must public agencies continue to pay the full salary for police and fire employees while they are off, there are significant overtime costs in covering those shifts for the injured worker that are not reflected in the workers' compensation claims expense. Approximately 19% (\$74,800) of the claims expense for the first six months of this fiscal year has been paid in 4850 benefits. The other significant portion if the claims expense is for medical services. Approximately 30% (\$116,900) of the claims expense has been for this purpose.

The table below shows the total workers' comp. reserve for future liability on existing claims. As noted in previous reports, the City files had been under reserved in the past. Also, as benefits have been increase through legislative changes, the reserves have been increase to reflect the increase value of the claims.

Date	Total Workers' Comp. Reserve
June 1996	\$1,130,925
June 1997	\$1,266,861
June 1998	\$833,161
June 1999	\$770,263
June 2000	\$617,124
June 2001	\$945,431
June 2002	\$1,064,568
June 2003	\$1,098,782
December 2003	\$1,225,287

Information was requested for this report regarding claims that have been settled this fiscal year. Listed below is the department in which the employee works or worked, the amount of settlement and a notation as to whether it was settled by way of a stipulated award or compromise and release. Stipulated awards are paid out in weekly amounts over multiple years. Whereas those settled by way of compromise and release are paid in a lump sum. It should be noted that settlements are not typically made in the same year as the date of injury and include employees both currently working for the City and those who do not.

Public Works	\$16,800	Stipulated Award
Police	\$42,800	Stipulated Award
Police	\$25,600	Compromise & Release
Police	\$17,800	Stipulate Award
Police	\$700	Compromise & Release

The number of claims reported during this fiscal year is below the average of the prior years. Over the last six years an average of 35 claims were reported annually. To date, only 8 claims have been reported through December 2003.

Cases Reported By Fiscal Year

95/96	54
96/97	36
97/98	30
98/99	47
99/00	26
00/01	31
01/02	30
02/03	25

2003/2004 8 to date

The majority of claims received continue to be from the Police Department. This is consistent with the nature of work, consistent with the benefits available to public safety employees, and consistent with other cities' claims.

We continue to use the City's modified duty policy providing temporary modified work assignments to employees until they are released to full duty. The goal of this policy continues to be returning employees to their usual and customary duties sooner by keeping them active and involved in work and thereby helping to reduce the amount of temporary disability and 4850 benefits paid.

It is important to continue to stress that the benefits provided under workers' compensation are mandated by state and federal legislation. Legislation in the state of California, in particular, continues to provide increased benefits. While there has been much political discussion about workers' compensation reform, it remains to be seen if any of the reforms will affect public agency programs that include public safety personnel.

Respectfully submitted:

Concur:

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