



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Patty Maitland, Finance Director
MEETING DATE: April 20, 2016
SUBJECT: Workers' Compensation Report – 3rd Quarter FY 2015-16
CEQA: Does not constitute a "Project" under California Environmental Quality Act (CEQA) Guidelines

RECOMMENDATION

Receive the report.

DISCUSSION

On November 4, 2015, the Council approved a five-year Workers' Compensation phased refunding plan to bring the designated internal service fund into compliance with Council policy. At that time, Staff recommended the Council receive a quarterly status report on case statistics and Workers' Compensation Fund 71 balances.

Workers' Compensation is a form of insurance the City utilizes to provide compensation and medical care for employees who are injured during the course of employment. Workers' Compensation provides for: payments in place of wages (functioning as a form of disability insurance), compensation for economic loss (past and future), reimbursement or payment of medical and like expenses (functioning as a form of health insurance), and benefits payable to the dependents of workers killed during employment (functioning as a form of life insurance). The City's Workers' Compensation claims are handled by a third party administrator (TPA), Bragg and Associates/York Risk Services.

Current Status (3Q 2015-16)	No. of Claims	Notes
Open Indemnity Claims	13	An indemnity claim is a claim where the injured employee is losing time from work.
Medical Claims	2	Claims where treatment is needed, but the injured employee can continue to work
Future Medical Claims	27	Future med claims are claims that have been settled with the provision that the City will continue to pay for medical treatment for the injury for the employee's lifetime.
Total Open Claims	42	In the prior quarter the City had 44 Claims
Claims Requiring Legal Representation	3	Legal Fees Incurred to date = \$44,527 (No change over prior quarter)

The City accounts for its Workers' Compensation risk financing activities in an internal service fund (ISF). The ISF is funded outside the General Fund and the costs are allocated to departments on an annual and continuing basis. Contributions to the ISF are calculated on a cost recovery basis through charges apportioned to City departments based on claim trends and number of participants. The Workers' Compensation ISF is used to separately budget and account for services provided to City departments. The status of the internal service fund for Workers' Compensation is provided in the table below.

Workers' Compensation (Fund 71)	Amount
Fund Balance a/o June 30, 2015	\$ (981,263)
Curent FY Revenues thru March 31, 2016	\$ 924,027
Current FY Expenditures thru March 31, 2015	\$ (898,623)
	\$ (955,859)

As noted in the prior quarter's report, a January 2016 settlement in the amount of \$250,000 and other claim expenses have increased the negative fund imbalance. The five-year refunding plan that the Council has authorized will eventually resolve this imbalance.

FISCAL IMPACT

None.

RESPECTFULLY SUBMITTED:

Patty Maitland

Patty Maitland
Finance Director

REVIEWED BY:

Ben Harvey

Ben Harvey
Interim City Manager