




Office of the City Manager

INFORMATION CALENDAR

November 28, 2006

To: Honorable Mayor and
Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted by: David W. Hodgkins, Director of Human Resources Department

Subject: Quarterly Report on Employee Safety and Workers' Compensation (CF07-04)

SUMMARY

This report is part of an ongoing series regarding the City's Workers' Compensation Program and costs associated with the program. This report focuses on the first quarter in FY 2007 workers' compensation claims activity.

CURRENT SITUATION AND ITS EFFECTS

The rate of claims with a date of injury this quarter remains low, consistent with last quarter. Because the average life of an open workers' compensation claim is three to five years (six to seven years for serious, complex, or litigated claims), a reduction is expected to be reflected in future costs. Human Resources Department staff continues to examine, evaluate, and implement practices to improve the effectiveness and efficiency of the Workers' Compensation Program. Because of continued focus on injury prevention, ergonomics, claims management and employee responsibility, the City continues to experience a drop in claim volume and in related costs.

Workers' Compensation Claim Trends and Costs

The downward trend for claims continues with a notable decrease of Indemnity Claims by Sworn Police employees and Non-Sworn employees for the first quarter of 2007, which should translate into future cost savings for the City. Although claim costs for prior years continue to contribute substantially to the overall costs of the City's Workers' Compensation Program, the reduction in the number of claims will reduce City payments in future years.

Update to Program Improvements

1. **Safety Training:** Supervisor Professional Development courses began October 2006 and will continue through May 2007. The courses emphasize safety management, industrial hygiene and machine guarding. The focus is to train the supervisors to recognize and mitigate unsafe conditions, which if left uncorrected, could result in avoidable accidents and/or employee injuries. Thirty-nine managers and supervisors have completed the 12 core modules and 14 managers remain to complete either one or two modules. Additionally, the Occupational Health and Safety Coordinator conducted new hire safety

orientation sessions for 30 Library employees, and all safety inspections for the Library branches have been completed.

The Workers' Compensation Analyst will provide Citywide training for supervisors and Departmental Workers' Compensation Representatives in the area of basic regulatory State and City of Berkeley requirements, as well as updates to the Workers' Compensation Administrative Regulation and other program improvements.

2. **Ergonomic Training and Evaluation:** The Workers' Compensation Analyst and Occupational Health and Safety Coordinator continue to conduct ergonomic training and evaluations in an effort to prevent injuries, contain the severity of injuries, and help relieve the affects of injuries. During this quarter, 26 individual evaluations were completed for City employees.
3. **Claims Closure:** Innovative Claims Solutions (ICS), the City's Workers' Compensation Third-Party Administrator, continues their focus to close claims in order to reduce the large number of open claims. During this quarter, ICS closed 29 Indemnity Claims and 53 Medical Only Claims, for a total of 82 closed claims this quarter. As of September 30, 2006, the City's open claim inventory totals were 421 Indemnity and 34 Medical Only, for a total of 455 open claims, which is slightly lower than the 464 total number of open claims last quarter.
4. **Bill Review Services:** An essential component of any successful workers' compensation cost containment program is the bill review service. Bill review ensures that medical fees comply with State mandated regulatory codes. Bill review and reduction programs are vital to cost containment and reduction. Comp IQ Corporation provides the medical bill review services for the City of Berkeley. Below is a summary of the activity for this quarter.

July 2006: The City was charged \$219,778 for 361 invoices. Charges were *reduced* by \$152,124, for a 69% cost savings to the City.

August 2006: The City was charged \$662,942 for 827 invoices. Charges were *reduced* by \$490,856, for a 74% savings to the City.

September 2006: The City was charged \$863,346 for 742 invoices. Charges were reduced by \$673,195, for a 78% savings to the City.

- 5. Nurse Case Management Program:** Human Resources staff teamed with ICS and Genex Services, Inc. to create a targeted Nurse Case Management Program that encourages early return to work, increased physician communication, professional nurse intervention, and cost containment strategies. Utilizing Nurse Case Management Services ensures early and appropriate medical treatment, reduces unnecessary medical treatment costs, reduces treatment delays, and provides medical advice to the injured worker throughout the course of their claim. Because the nurse is a licensed clinical professional, the nurse can provide medical advice to the injured worker that will facilitate medical treatment and offer realistic expectations for recovery. The City currently has 24 open cases with Nurse Case Management activity.
- 6. Subrogation/Recoveries:** Subrogation efforts attempt to recover medical and lost time expenses paid on a claim when another party is found to be either fully or partially at fault for the injury. A total of \$124,216.16 was recovered in FY 2006 through subrogation efforts from nine City of Berkeley claims.
- 7. SB 90/Cancer Presumption Recap:** Under SB90, the City is eligible to receive up to 50% of costs paid for Police Officer and Firefighter cancer claims. Since its inception in FY 99, the City has received reimbursements totaling \$111,529.
- 8. New Occupational Health and Safety Specialist:** Human Resources welcomes Alexandra Lopez, our new Occupational Health and Safety Specialist. Ms. Lopez is responsible for conducting on-site field investigations for work-place injuries to determine the best method to avoid future injuries of the same type and severity.
- 9. Actuarial Review:** The Workers' Compensation Liability Estimates and Forecast (Liabilities as of June 30, 2006, Forecast 2007/08, based on Data Valued as of June 30, 2006) actuarial review notes a reduction in the City's Workers' Compensation unfunded liability and potential reduction in Workers' Compensation rates charged to City departments. The reduction in Unfunded Liability is 12% of the Net Present Value and Loss Adjustment expense went from approximately \$20.5 million to approximately \$18.1 million from June 30, 2005 to June 30, 2006.

Outcome of the City's Workers' Compensation Program

- The total number of Indemnity Claims dropped from 25 in the last quarter of FY 2006 to 13 in the first quarter of FY 2007. The most significant drop was by the Non-Sworn employees from 17 in the fourth quarter of FY 2006 to four in the first quarter of FY 2007. The indemnity claims for Sworn Firefighter witnessed a drop as well, and even though the reduction was smaller, the impact is equally significant, as the cost for Indemnity Claims for Sworn personnel tends to be higher than for Non-Sworn Indemnity Claims. (See Appendix I and Chart 1)

- The total number of Medical Only Claims with a date of injury in the first quarter in FY 2007 decreased as well by eight claims from the fourth quarter of FY 2006. The decrease was achieved by all categories, Sworn Fire and Police employees, and Non-Sworn employees. (See Appendix II and Chart 2) Although Indemnity claims are more expensive overall, the drop in Medical Only Claims will have a notable impact on the reduction of claim costs to the City given the increased health care costs.
- Overall, the total number of Indemnity and Medical Only Claims with a date of injury in the first quarter of FY 2007 decreased by 20 claims from the fourth quarter in FY 2006, and decreased by 24 claims from the first quarter in FY 2006. (See Appendix II and Chart 3)
- On a department-wide basis, the incidence of workers' compensation claims continues to trend downward from FY 2006 for all departments, with a decrease in seven departments this quarter. There were eleven departments with a continued rate of Zero and there were NO increases for claims in any department this quarter. (See Appendix III)
- Cost per claim information for all units, when viewed on a per quarter basis is subject to great fluctuation based on the nature of the underlying injury. The Indemnity cost per claim for all units in the first quarter of FY 2007 decreased by approximately \$2,871 from the fourth quarter of FY 2006 (from \$12,638 to \$9,497), and decreased by \$4,232 per claim from the first quarter in FY 2006, (from \$13,729 to \$9,497). (See Appendix IV and Chart 4)
- Prior year claim costs continue to contribute substantially to the overall cost of the City's Workers' Compensation Program. However, because of the reduction in claims, the City actually paid out approximately \$1 million less in FY 2006 than in FY 2005. (See Appendix V)
- Monthly City of Berkeley invoices tracked by Finance Department for medical, legal, hospital, physical therapy, and prescription drug benefit expenses decreased in FY 2007. As of September 30, 2006, the average monthly payment was \$320,333.26 (compared to \$338,223.93 in FY 2006), and was the lowest in over five years.

POSSIBLE FUTURE ACTION

Human Resources staff continues to meet with representatives of the labor organizations to foster a joint approach to employee safety improvements in order to reduce the exposure to accidents and injuries.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Reduce future costs through an aggressive workplace safety program that involves participation of representatives of employee organizations and management staff.

CONTACT PERSON

David W. Hodgkins, Director of Human Resources, Human Resources, 981-6805

Attachments:

- 1: Appendix I – Indemnity Claims Activity
- 2: Appendix II – Medical Only Claims Activity
- 3: Appendix III – Quarter-to-Quarter Claims Activity by Department
- 4: Appendix IV – Cost Per Claim
- 5: Appendix V – Current Year's Expenses from Prior Year Claims
- 6: Chart 1 – COB Workers' Compensation – Indemnity Claims
- 7: Chart 2 – COB Workers' Compensation – Medical Only Claims
- 8: Chart 3 – COB Annual Workers' Compensation Claims
- 9: Chart 4 – Indemnity – Cost/Claim
- 10: Chart 5 – Annual Workers' Compensation Claims / Percentage of FTE

Appendix I
Indemnity Claims Activity
As of September 30, 2006

Indemnity Claims are workers' compensation claims with financial exposure to temporary or permanent disability payments, litigation, or medical procedures beyond office visits or physical therapy. Indemnity Claims are sometimes referred to as "Lost time" claims because the claim is usually converted from Medical Only to Indemnity when the employee loses time from work. The table below shows the number of Indemnity Claims with a date of injury over the past two fiscal years and up to the first quarter in FY 2007. The information is broken out by all sworn Fire employees, sworn Police employees, non-sworn employees, and all employees combined. There are approximately 80 non-sworn employees in the Police Department in classifications such as Parking Enforcement Officer, Community Service Officer, Public Safety Dispatcher and other non-sworn clerical and administrative staff. The Fire Department also has non-sworn clerical and administrative support staff, but in smaller numbers than are assigned to the Police Department.

Indemnity Claims filed by Sworn Fire Employees					
There are approximately 109 Sworn Fire employees including Fire Management staff.					
Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2005	6	7	5	6	24
2006	5	6	4	1	16
2007	5				5

Indemnity Claims filed by Sworn Police Employees					
There are approximately 182 Sworn Police employees including Police Management staff.					
Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2005	7	4	3	5	19
2006	6	11	5	7	29
2007	4				4

Indemnity Claims filed by Non-Sworn Employees					
There are approximately 1406 Non-Sworn career employees. However, these numbers will include hourly, part-time and seasonal employees and the number of employees will fluctuate depending on a variety of factors, including seasonality.					
Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2005	28	21	21	20	90
2006	22	23	10	17	72
2007	4				4

Indemnity Claims / Total for All Employees					
Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2005	41	32	29	31	133
2006	33	40	19	25	117
2007	13				

Appendix II
Medical Only Claims Activity
As of September 30, 2006

Medical Only Claims are claims that result in minor treatment but no lost time. No disability is associated with these types of claims because the severity of injury is much lower. The table below shows the number of Medical Only Claims with a date of injury over the past two fiscal years, and up to the first quarter in FY 2007. The information is broken out by all sworn Fire employees, sworn Police employees, non-sworn employees and all employees combined with a total for Indemnity and Medical Only.

Medical Only Claims filed by Sworn Fire Employees					
There are approximately 109 Sworn Fire employees including Fire Management staff.					
Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2005	5	2	4	4	15
2006	6	6	6	6	24
2007	3				

Medical Only Claims filed by Sworn Police Employees					
There are approximately 182 Sworn Police employees including Police Management staff.					
Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2005	15	5	7	14	41
2006	7	5	3	10	25
2007	6				

Medical Only Claims filed by Non-Sworn Employees					
There are approximately 1406 Non-Sworn career employees. However, these numbers will include hourly, part-time and seasonal employees. The number of employees will fluctuate depending on a variety of factors, including seasonality.					
Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2005	23	20	19	22	84
2006	23	21	9	24	77
2007	23				

Medical Only Claims / Total for All Employees					
Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2005	43	27	30	40	140
2006	36	32	18	40	126
2007	32				

Grand Total of Indemnity and Medical Only Claims / Total for All Employees					
Fiscal Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2005	84	59	59	71	273
2006	69	72	37	65	243
2007	45				

Appendix III
Quarter-to-Quarter Claims Activity By Department
As of September 30, 2006

The table below shows the number of Indemnity Claims and Medical Only Claims with a date of injury over the past two fiscal years, with information on the first quarter of FY 2007, organized by department. Overall, the incidence of workers' compensation claims continues to trend downward, and of significance is that there were no increases in any department for the first quarter of 2007.

Department	First Quarter Fiscal Year 2005			First Quarter Fiscal Year 2006			First Quarter Fiscal Year 2007			Variance (decrease) increase From FY 2006
	Medical	Indemnity	Total	Medical	Indemnity	Total	Medical	Indemnity	Total	
Public Works	8	11	19	12	9	21	9	2	11	(10)
Police*	16	12	28	7	9	16	7	6	13	(3)
Parks, Rec. & Waterfront	6	6	12	6	3	9	9	0	9	0
Fire*	5	6	11	6	5	11	3	5	8	(3)
Library	3	0	3	3	0	3	2	0	0	(3)
Health and Human Services	5	1	6	2	4	6	1	0	1	(5)
Finance	0	2	2	0	0	0	0	0	0	0
City Manager	0	1	1	0	2	2	1	0	1	(1)
City Attorney	0	0	0	0	0	0	0	0	0	0
City Auditor	0	1	1	0	0	0	0	0	0	0
Housing	0	1	1	0	0	0	0	0	0	0
Mayor and Council	0	0	0	0	0	0	0	0	0	0
City Clerk	0	0	0	0	0	0	0	0	0	0
Economic Development	0	0	0	0	0	0	0	0	0	0
Human Resources	0	0	0	0	0	0	0	0	0	0
Information Systems	0	0	0	0	1	1	0	0	0	(1)
Planning	0	0	0	0	0	0	0	0	0	0
Rent Board	0	0	0	0	0	0	0	0	0	0
Grand Total	43	41	84	36	33	69	32	13	45	(26)

*Includes sworn and non-sworn employees.

**Appendix IV
Costs Per Claim
As of September 30, 2006**

The table below shows the costs associated for Indemnity Claims with a date of injury over the past five fiscal years, as of the first quarter in FY 2007. The information is broken out by all sworn Fire employees, sworn Police employees, non-sworn employees and all employees combined. The Indemnity Claim costs will change over time as additional payments are made for additional services provided in future years.

Fire (Unit B) Indemnity Cost						
Fiscal Year		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2002	Total Claims	5	9	4	5	23
	Paid Total	\$193,134	\$314,301	\$122,754	\$222,632	\$852,821
	Reserves	\$26,171	\$67,550	\$49,173	\$48,476	\$191,370
	Incurred Total	\$219,305	\$381,852	\$171,926	\$271,108	\$1,044,191
	Cost per Claim	\$43,861	\$42,428	\$42,982	\$54,222	\$45,400
2003	Total Claims	9	3	5	8	25
	Paid Total	\$153,965	\$144,963	\$54,087	\$274,487	\$627,502
	Reserves	\$5,404	\$18,969	\$10,147	\$70,346	\$104,866
	Incurred Total	\$159,369	\$163,932	\$64,234	\$344,833	\$732,368
	Cost per Claim	\$17,708	\$54,644	\$12,847	\$43,104	\$29,295
2004	Total Claims	5	11	5	4	25
	Paid Total	\$176,379	\$330,632	\$18,137	\$95,484	\$620,633
	Reserves	\$76,632	\$32,510	\$369	\$8,420	\$117,930
	Incurred Total	\$253,011	\$363,142	\$18,507	\$103,904	\$738,564
	Cost per Claim	\$50,602	\$33,013	\$3,701	\$25,976	\$29,543
2005	Total Claims	6	7	5	6	24
	Paid Total	\$363,988	\$154,266	\$45,909	\$30,027	\$594,190
	Reserves	\$92,170	\$74,952	\$30,737	\$24,300	\$222,159
	Incurred Total	\$456,159	\$229,218	\$76,645	\$54,327	\$816,349
	Cost per Claim	\$76,026	\$32,745	\$15,329	\$9,055	\$34,015
2006	Total Claims	5	6	4	1	16
	Paid Total	\$38,499	\$104,000	\$39,271	\$78	\$181,848
	Reserves	\$4,074	\$145,189	\$24,727	\$0	\$173,990
	Incurred Total	\$42,573	\$249,189	\$63,998	\$78	\$355,839
	Cost per Claim	\$8,515	\$41,532	\$16,000	\$78	\$22,240

2007	Total Claims	5				5
	Paid Total	\$11,404				\$11,404
	Reserves	\$56,254				\$56,254
	Incurred Total	\$67,658				\$67,658
	Cost per Claim	\$13,532				\$13,532

Police (Units E & F) Indemnity Cost						
Fiscal Year		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2002	Total Claims	8	11	8	5	32
	Paid Total	\$620,950	\$637,858	\$160,136	\$69,905	\$1,488,849
	Reserves	\$77,188	\$100,211	\$0	\$18,987	\$196,387
	Incurred Total	\$698,139	\$738,069	\$160,136	\$88,892	\$1,685,236
	Cost per Claim	\$87,267	\$67,097	\$20,017	\$17,778	\$52,664
2003	Total Claims	6	2	5	4	17
	Paid Total	\$376,635	\$174,276	\$131,599	\$156,956	\$839,466
	Reserves	\$2,548	\$16,166	\$123,588	\$15,734	\$158,036
	Incurred Total	\$379,183	\$190,442	\$255,187	\$172,690	\$997,502
	Cost per Claim	\$63,197	\$95,221	\$51,037	\$43,172	\$58,677
2004	Total Claims	7	2	4	8	21
	Paid Total	\$146,472	\$8,906	\$26,187	\$113,006	\$294,571
	Reserves	\$22,985	\$0	\$0	\$23,047	\$46,032
	Incurred Total	\$169,457	\$8,906	\$26,187	\$136,052	\$340,602
	Cost per Claim	\$24,208	\$4,453	\$6,547	\$17,007	\$16,219
2005	Total Claims	7	4	3	5	19
	Paid Total	\$155,198	\$148,907	\$93,476	\$65,740	\$463,321
	Reserves	\$80,834	\$22,103	\$49,863	\$276,745	\$429,544
	Incurred Total	\$236,032	\$171,010	\$143,339	\$342,485	\$892,865
	Cost per Claim	\$33,719	\$42,752	\$47,780	\$68,497	\$46,993
2006	Total Claims	6	11	5	7	29
	Paid Total	\$7,829	\$193,780	\$20,522	\$85,285	\$307,417
	Reserves	\$8,689	\$57,785	\$15,571	\$40,169	\$122,214
	Incurred Total	\$16,518	\$251,565	\$36,093	\$125,454	\$429,630
	Cost per Claim	\$2,753	\$22,870	\$7,219	\$17,922	\$14,815
2007	Total Claims	4				4
	Paid Total	\$7,335				\$7,335
	Reserves	\$32,016				\$32,016
	Incurred Total	\$39,351				\$39,351
	Cost per Claim	\$9,838				\$9,838

Non-Safety Units Indemnity Cost						
Fiscal Year		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2002	Total Claims	28	28	29	30	115
	Paid Total	\$996,860	\$1,399,164	\$620,712	\$1,227,071	\$4,243,806
	Reserves	\$204,138	\$177,316	\$123,353	\$152,819	\$657,626
	Incurred Total	\$1,200,998	\$1,576,480	\$744,064	\$1,379,889	\$4,901,432
	Cost per Claim	\$42,893	\$56,303	\$25,657	\$45,996	\$42,621
2003	Total Claims	35	22	25	30	112
	Paid Total	\$1,220,607	\$616,270	\$460,608	\$765,213	\$3,062,697
	Reserves	\$217,726	\$144,588	\$303,888	\$105,080	\$771,281
	Incurred Total	\$1,438,332	\$760,857	\$764,496	\$870,293	\$3,833,978
	Cost per Claim	\$41,095	\$34,584	\$30,580	\$29,010	\$34,232
2004	Total Claims	28	20	17	24	89
	Paid Total	\$421,814	\$418,970	\$165,175	\$578,385	\$1,584,344
	Reserves	\$308,389	\$209,357	\$58,869	\$281,556	\$858,171
	Incurred Total	\$730,203	\$628,326	\$224,044	\$859,941	\$2,442,515
	Cost per Claim	\$26,079	\$31,416	\$13,179	\$35,831	\$27,444
2005	Total Claims	28	21	21	20	90
	Paid Total	\$348,095	\$550,689	\$155,807	\$219,025	\$1,273,616
	Reserves	\$150,499	\$176,257	\$44,368	\$99,044	\$470,168
	Incurred Total	\$498,594	\$726,945	\$200,175	\$318,070	\$1,743,784
	Cost per Claim	\$17,807	\$34,616	\$9,532	\$15,903	\$19,375
2006	Total Claims	22	23	10	17	72
	Paid Total	\$201,548	\$185,697	\$26,082	\$89,223	\$502,549
	Reserves	\$192,419	\$126,234	\$29,840	\$101,195	\$449,688
	Incurred Total	\$393,967	\$311,930	\$55,922	\$190,418	\$952,237
	Cost per Claim	\$17,908	\$13,562	\$5,592	\$11,201	\$13,226
2007	Total Claims	4				4
	Paid Total	\$155				\$155
	Reserves	\$16,304				\$16,304
	Incurred Total	\$16,458				\$16,458
	Cost per Claim	\$4,115				\$4,115

Grand Total Indemnity Cost Incurred for All Employees

Fiscal Year		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
2002	Total Claims	41	48	41	40	170
	Paid Total	\$1,810,944	\$2,351,323	\$903,602	\$1,519,607	\$6,585,477
	Reserves	\$307,497	\$345,078	\$172,525	\$220,282	\$1,045,382
	Incurred Total	\$2,118,441	\$2,696,401	\$1,076,127	\$1,739,889	\$7,630,859
	Cost per Claim	\$51,669	\$56,175	\$26,247	\$43,497	\$44,887
2003	Total Claims	50	27	35	42	154
	Paid Total	\$1,751,207	\$935,509	\$646,294	\$1,196,655	\$4,529,665
	Reserves	\$225,678	\$179,723	\$437,623	\$191,160	\$1,034,183
	Incurred Total	\$1,976,884	\$1,115,232	\$1,083,917	\$1,387,815	\$5,563,848
	Cost per Claim	\$39,538	\$41,305	\$30,969	\$33,043	\$36,129
2004	Total Claims	40	33	26	36	135
	Paid Total	\$744,665	\$758,508	\$209,500	\$786,875	\$2,499,548
	Reserves	\$408,005	\$241,867	\$59,238	\$313,023	\$1,022,133
	Incurred Total	\$1,152,671	\$1,000,375	\$268,737	\$1,099,897	\$3,521,681
	Cost per Claim	\$28,817	\$30,314	\$10,336	\$30,553	\$26,087
2005	Total Claims	41	32	29	31	133
	Paid Total	\$867,281	\$853,862	\$295,192	\$314,793	\$2,331,127
	Reserves	\$323,504	\$273,311	\$124,967	\$400,089	\$1,121,871
	Incurred Total	\$1,190,785	\$1,127,173	\$420,158	\$714,882	\$3,452,998
	Cost per Claim	\$29,044	\$35,224	\$14,488	\$23,061	\$25,962
2006	Total Claims	33	40	19	25	117
	Paid Total	\$247,876	\$483,477	\$85,875	\$174,587	\$991,814
	Reserves	\$205,182	\$329,207	\$70,139	\$141,364	\$745,892
	Incurred Total	\$453,057	\$812,684	\$156,014	\$315,951	\$1,737,706
	Cost per Claim	\$13,729	\$20,317	\$8,211	\$12,638	\$14,852
2007	Total Claims	13				13
	Paid Total	\$18,893				\$18,893
	Reserves	\$104,574				\$104,574
	Incurred Total	\$123,467				\$123,467
	Cost per Claim	\$9,497				\$9,497

Appendix V
Current Year's Expenses from Prior Year Claims
As of September 30, 2006

As previously reported to the Council, the number of claims filed, particularly Indemnity Claims, continue to incur a high level of expense for injuries that occurred in prior years. These expenses include, but are not limited to, medical treatment, such as physical therapy and medication, vocational rehabilitation, temporary and total disability payments and litigation expenses, as well as City of Berkeley payroll expenses for salary continuation due to lost time. The table below shows workers' compensation expenses paid by Innovative Claim Solutions over the past two fiscal years and up to the first quarter of FY 2007, organized by the amount paid on claims for each fiscal year. This table does not include City of Berkeley payroll expenses.

Fiscal Year of Reported Injury	Amount Paid on Claims in Fiscal 2005	Amount Paid on Claims in Fiscal 2006 through June 30, 2006	Amount Paid on Claims in Fiscal 2007 through September 30, 2006	Total Amount Paid from July 1 2004 through September 30, 2006
Fiscal Years 1976 through 1979	\$31,999	\$164,694	\$11,963	\$208,656
Fiscal Years 1980 through 1989	\$29,320	\$22,032	\$11,540	\$62,893
Fiscal Years 1990 through 1999	\$1,390,667	\$601,464	\$104,351	\$2,096,482
Fiscal 2000	\$301,966	\$262,383	\$29,217	\$593,566
Fiscal 2001	\$351,619	\$232,668	\$41,671	\$625,958
Fiscal 2002	\$1,083,436	\$869,433	\$152,921	\$2,105,791
Fiscal 2003	\$974,712	\$615,830	\$195,189	\$1,785,732
Fiscal 2004	\$1,276,255	\$562,974	\$132,808	\$1,972,037
Fiscal 2005	\$898,132	\$1,272,027	\$213,306	\$2,383,465
Fiscal 2006	0	\$740,408	\$313,114	\$1,053,522
Fiscal 2007	0	\$0	\$24,968	\$24,968
Total	\$6,338,106	\$5,343,914	\$1,231,049	\$12,913,069

Chart 1

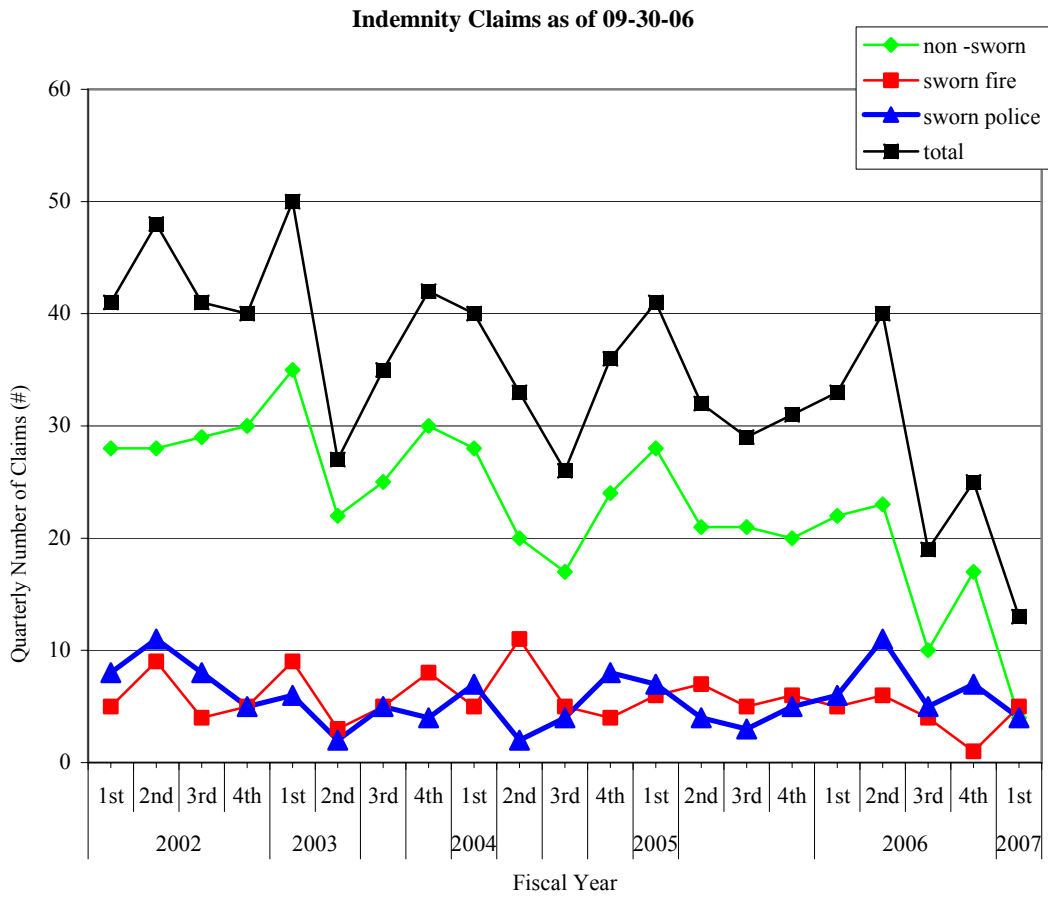


Chart 2

Medical Only Claims as of 09-30-06

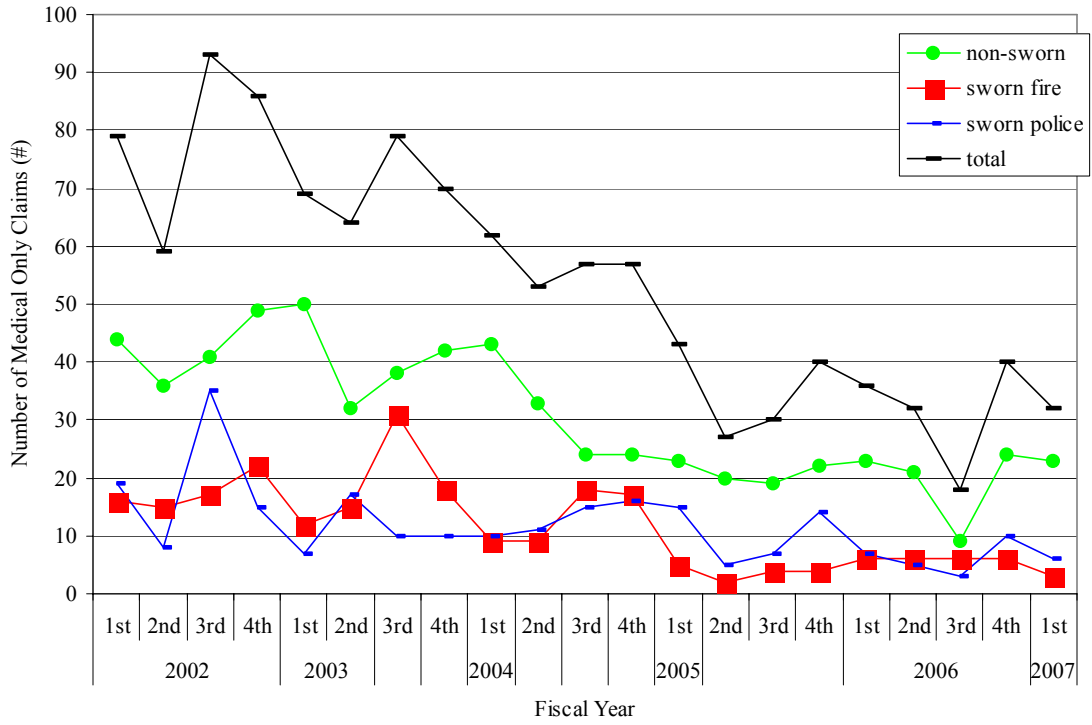


Chart 3

Annual Workers' Compensation Claims as of 09-30-06

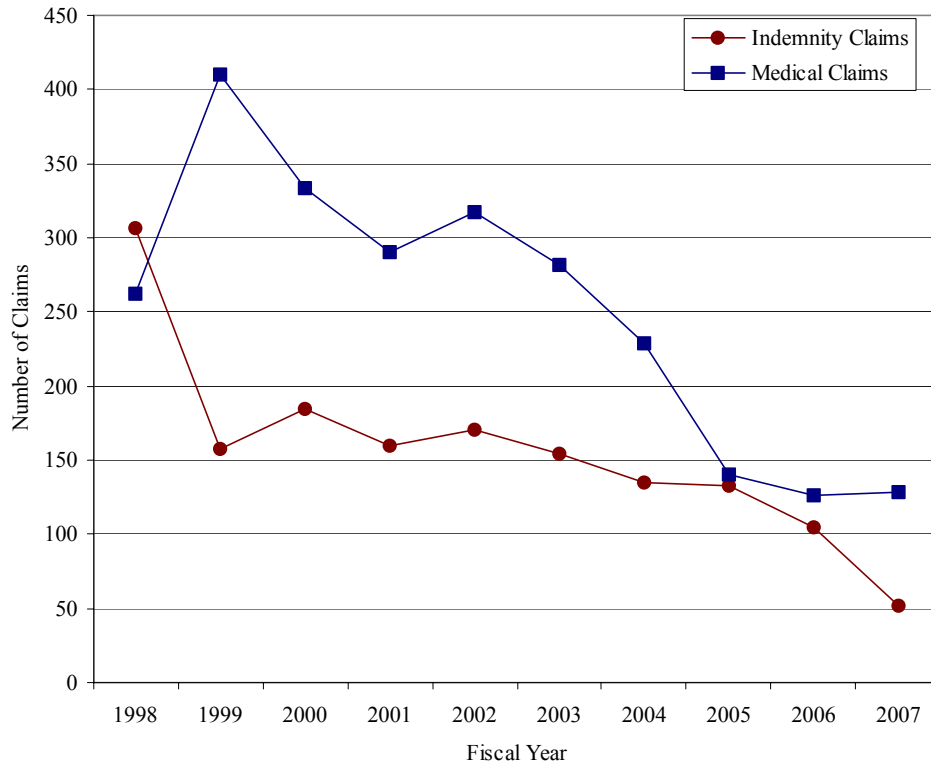


Chart 4

Indemnity - Cost/Claim as of 09-30-06

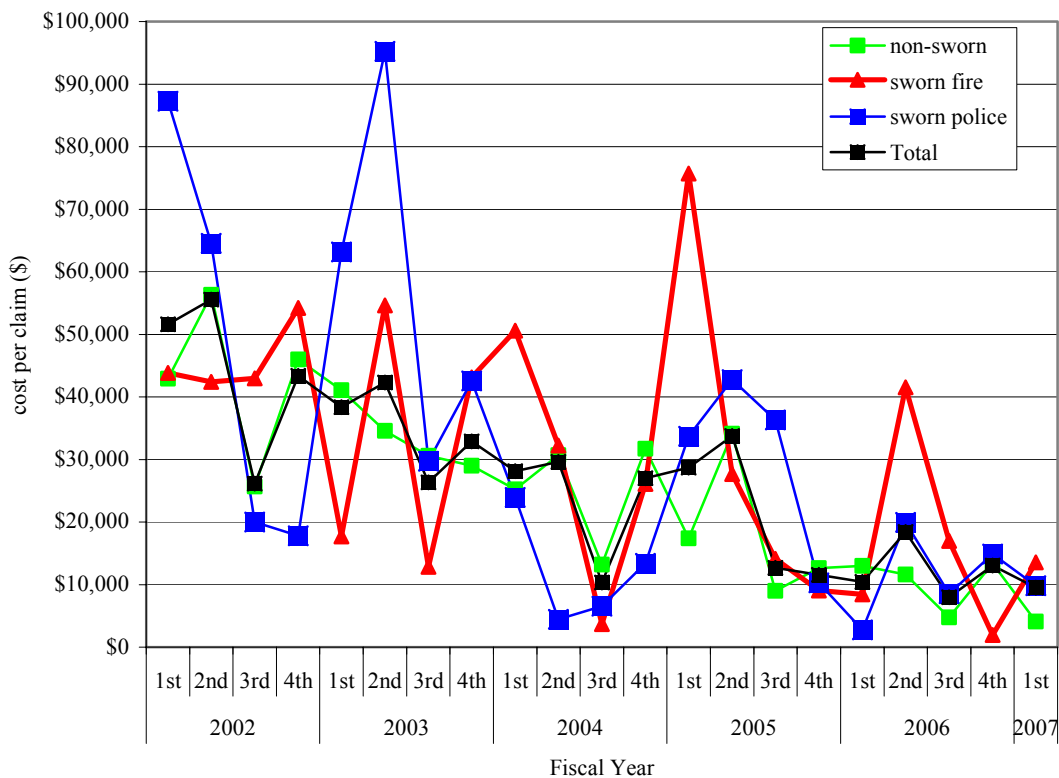


Chart 5

Annual Workers' Comp Claims/Percentage of FTEs as of 09-30-06

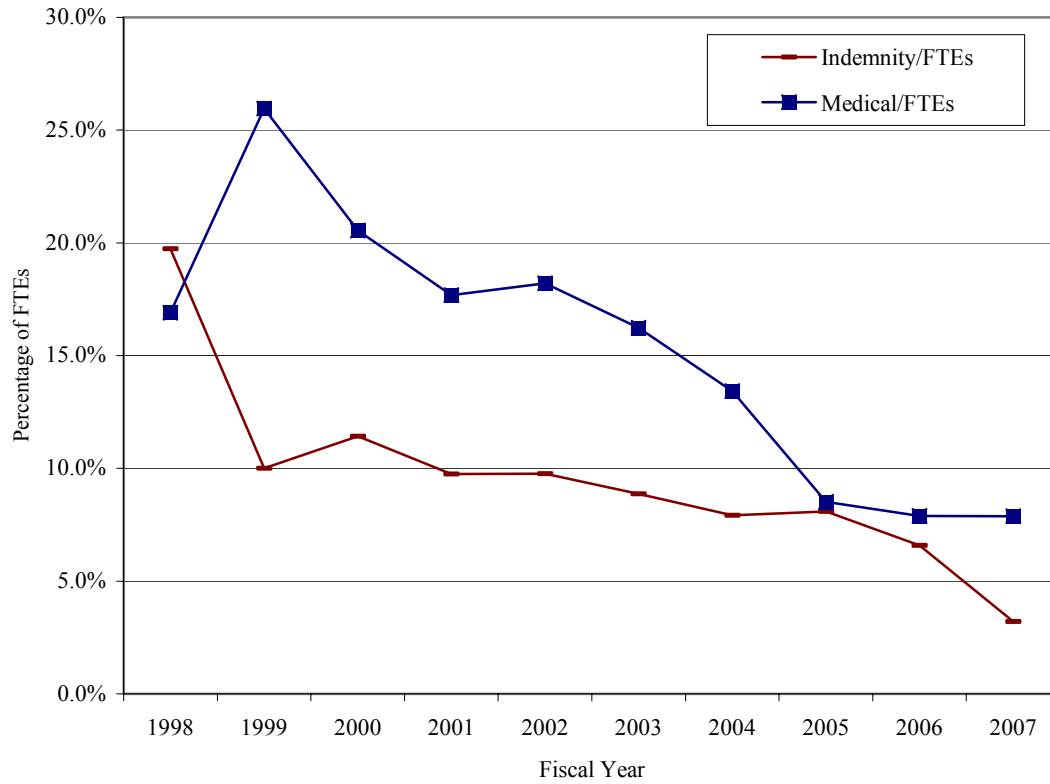


Chart 6

Indemnity - Cost/Claim (2002 = 100) as of 9 - 30- 06

