



Office of the City Manager

INFORMATION CALENDAR

September 11, 2007

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

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

Subject: Quarterly Report: Employee Safety and Workers' Compensation

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 fourth 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. 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), the continued reduction is expected to be reflected in future costs. Human Resources Department staff continues to monitor, evaluate, and implement practices to improve the effectiveness and efficiency of the Workers' Compensation Program. Because of sustained 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 fourth 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 ongoing reduction in the number of claims will reduce City payments in future years.

Update to Program Improvements

1. **Safety Training:** Completed the Supervisor Professional Development for 14 managers and supervisors. The courses emphasized safety management, industrial hygiene and machine guarding. The focus was to train the supervisors to recognize and mitigate unsafe conditions, which if left uncorrected, could result in avoidable accidents and/or employee injuries. Additionally, the Occupational Health and Safety Coordinator conducted "Workplace Bloodborne Pathogens" training and general safety orientation for seven (7) Fire Academy recruits, and

conducted Injury and Illness Prevention training for the Parks, Recreation and Waterfront Department, Recreation Division, for 200 summer employees in Sports, Youth, Pool, Recreation Centers, and Camps programs.

2. **Cal/OSHA Audits:** In this fiscal year, the City had two Cal-OSHA audits that resulted in "No Violation, No Fines." A Cal-OSHA audit is generated from either an employee complaint or a specific event like a severe injury or fatality. One of the audits resulted from a trip and fall injury in the South Berkeley Senior Center that resulted in the employee being hospitalized for several days. The second was from an employee complaint in the Parks, Recreation and Waterfront Department. Both resulted in No Violation, No Fines. What is significant about this is that an OSHA inspection usually results in a request for documentation to support the City's allegation that we are in compliance with the regulation and that our procedures did not or will not cause harm or injury. In both instances, the City prevailed.
3. **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, 48 individual evaluations were completed for City employees.
4. **Claims Closure:** Innovative Claims Solutions (ICS), the City's Workers' Compensation Third-Party Administrator, continues its focus to close claims in order to reduce the large number of open claims. During this quarter, ICS closed 37 Indemnity Claims and 40 Medical Only Claims, for a total of 77 closed claims this quarter. As of June 30, 2007, the City's open claim inventory totals were 425 Indemnity and 30 Medical Only, for a total of 455 open claims. Overall, ICS closed 57% of new claims submitted during this period.
5. **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.

April 2007: The City was charged \$517,471 for 621 invoices. Charges were reduced by \$360,287, for a 44% cost savings to the City.

May 2007: The City was charged \$327,526 for 704 invoices. Charges were reduced by \$215,283, for a 53% savings to the City.

June 2007: The City was charged \$331,457 for 501 invoices. Charges were reduced by \$215,668, for a 54% savings to the City.

- 6. Nurse Case Management Program:** The City continues to utilize the Nurse Case Management (NCM) Program to encourage early return to work, increased physician communication, professional nurse intervention, and cost containment strategies. Utilizing NCM 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 17 open cases with NCM activity. Furthermore, the NCM Program is also instrumental in reducing new litigation on open claims. For FY 2007, the NCM Program was instrumental in reducing new litigation by 22% compared to fiscal year 2006.
- 7. Temporary Disability/4850 Benefits and Lost Time Days:** In FY 07, the City has reduced the amount paid for Temporary Disability/4850 benefits on the entire program by 6% (or \$96,011.38) and a 36% reduction in the average number of disability days per lost time (Indemnity) claim (from 60.9 to 39.13 average number of disability days). This is due to a combination of factors, including the NCM Program, early return to work, and the City's modified duty program.
- 8. 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 \$349,485.80 was recovered in FY 2007 through subrogation efforts from City of Berkeley claims.
- 9. Multiple Claims:** An analysis of injured employees, who have sustained three or more injuries over the last three years (since July 1, 2004), reveals 172 claims from 52 employees, down from 257 from 76 employees. The 172 claims represent \$756,430.72 in paid claim costs and \$1,016,438.83 in total incurred. Thirty two of these claims remain open at this time, representing \$260,008.11 in estimated future liability. To continue to reduce the number of multiple claims being filed, the Occupational Health and Safety Coordinator and Workers' Compensation Analyst provide ongoing training and feedback to managers, supervisors, and employees on injury prevention.

Outcome of the City's Workers' Compensation Program

- The total number of Indemnity Claims dropped from 27 in the third quarter of FY 2007 to 14 in the fourth quarter of FY 2007. The most significant drop was by the Sworn Police employees from ten in the third quarter of FY 2007 to one in the fourth quarter of FY 2007. The indemnity claims for Non-Sworn employees witnessed a drop as well, from 12 to seven. (See Appendix I and Chart 1)

- The total number of Medical Only Claims with a date of injury in the fourth quarter in FY 2007 decreased as well by three claims from the third quarter of FY 2007. Primarily, Sworn Fire and Police employees achieved the decrease. (See Appendix II and Chart 2) Although Indemnity claims are more expensive overall, the overall reduction 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 fourth quarter of FY 2007 decreased by 16 claims from the third quarter in FY 2007, and decreased by 36 claims from FY 2006. (See Appendix II and Chart 3)
- On a department-wide basis, the incidence of workers' compensation claims continues to trend downward, with a decrease in four departments 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 fourth quarter of FY 2007 increased by approximately \$4,249 from the fourth quarter of FY 2006 (from \$16,747 to \$20,996), and increased by \$1,880 per claim from the third quarter in FY 2007 (from \$19,116 to \$20,996). (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. In FY 2007, the City paid out \$382,358 more than in FY 2006. (See Appendix V)
- Monthly City of Berkeley invoices tracked by Finance Department for medical, legal, hospital, physical therapy, and prescription drug benefit expenses increased in FY 2007 by \$34,756. As of June 30, 2007, the total annual payments were \$4,475,756 compared with total annual payments as of June 30, 2006 of \$4,058,687. However, in November 2006, the City was reimbursed through its excess workers' compensation insurance for \$270,000 as part of a settlement on an old claim so the aggregate expense as of June 30, 2007 was \$4,205,756. As of June 30, 2007, the average monthly payment was \$372,980 (compared to \$338,224 in FY 2006). If you include the excess workers' compensation insurance reimbursement the average monthly payment was \$350,480. This is attributed to an increase in benefits costs.

POSSIBLE FUTURE ACTION

Human Resources staff continue 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

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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 June 30, 2007

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 three fiscal years. 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 | 7 | 25 |
| 2006 | 5 | 6 | 4 | 1 | 16 |
| 2007 | 7 | 2 | 5 | 6 | 20 |

| 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 | 8 | 7 | 10 | 1 | 26 |

| 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 | 22 | 20 | 91 |
| 2006 | 22 | 23 | 11 | 20 | 76 |
| 2007 | 10 | 19 | 12 | 7 | 48 |

| Indemnity Claims / Total for All Employees | | | | | |
|---|-------|----------------|-------|----------------|-------|
| Fiscal | First | Second Quarter | Third | Fourth Quarter | Total |

| Year | Quarter | | Quarter | | |
|-------------|----------------|----|----------------|----|-----|
| 2005 | 41 | 32 | 30 | 32 | 135 |
| 2006 | 33 | 40 | 20 | 28 | 121 |
| 2007 | 25 | 28 | 27 | 14 | 94 |

Appendix II
Medical Only Claims Activity
As of June 30, 2007

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 three. 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 | 4 | 3 | 9 | 6 | 22 |

| 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 | 4 | 10 | 26 |
| 2007 | 5 | 8 | 7 | 3 | 23 |

| 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 | 18 | 22 | 83 |
| 2006 | 23 | 21 | 8 | 22 | 74 |
| 2007 | 18 | 12 | 18 | 22 | 70 |

| Medical Only Claims / Total for All Employees | | | | | |
|--|---------------|----------------|---------------|----------------|-------|
| Fiscal Year | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total |
| 2005 | 43 | 27 | 29 | 40 | 139 |
| 2006 | 36 | 32 | 18 | 38 | 124 |
| 2007 | 27 | 23 | 34 | 31 | 115 |

| 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 | 72 | 274 |
| 2006 | 69 | 72 | 38 | 66 | 245 |
| 2007 | 52 | 51 | 61 | 45 | 209 |

Appendix III
Quarter-to-Quarter Claims Activity By Department
As of June 30, 2007

The table below shows the number of Indemnity Claims and Medical Only Claims with a date of injury in the fourth quarter over the past three fiscal years, organized by department. Overall, the incidence of workers' compensation claims continues to trend downward.

| Department | Fourth Quarter Fiscal Year 2005 | | | Fourth Quarter Fiscal Year 2006 | | | Fourth Quarter Fiscal Year 2007 | | | Variance (decrease) increase from FY 2006 |
|--|------------------------------------|-----------|-----------|------------------------------------|-----------|-----------|------------------------------------|-----------|-----------|---|
| | Medical | Indemnity | Total | Medical | Indemnity | Total | Medical | Indemnity | Total | |
| City Attorney | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City Auditor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City Clerk | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| City Manager | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 2 | 2 |
| Economic Development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Finance | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fire* | 4 | 7 | 11 | 6 | 2 | 8 | 6 | 6 | 12 | 4 |
| Health and Human Services | 2 | 2 | 4 | 2 | 0 | 2 | 2 | 0 | 2 | 0 |
| Housing | 1 | 0 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | (1) |
| Human Resources | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Information Systems | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Library | 1 | 2 | 3 | 0 | 3 | 3 | 0 | 1 | 1 | (2) |
| Mayor and Council | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Parks, Rec. & Waterfront | 6 | 3 | 9 | 9 | 3 | 12 | 3 | 1 | 4 | (8) |
| Planning | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Police* | 16 | 8 | 24 | 13 | 11 | 24 | 4 | 2 | 6 | (18) |
| Public Works | 8 | 9 | 17 | 7 | 9 | 16 | 15 | 3 | 18 | 2 |
| Rent Board | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 40 | 32 | 72 | 38 | 28 | 66 | 31 | 14 | 45 | (21) |
| *Includes sworn and non-sworn employees. | | | | | | | | | | |

**Appendix IV
Costs Per Claim
As of June 30, 2007**

The table below shows the costs associated for Indemnity Claims with a date of injury over the past six fiscal years, as of the fourth 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.

| Fiscal Year | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total |
|--------------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------|
| 2002 | Total Claims | 5 | 9 | 4 | 5 | 23 |
| | Paid Total | \$205,769 | \$347,144 | \$131,314 | \$241,230 | \$925,457 |
| | Reserves | \$600 | \$36,405 | \$26,297 | \$35,157 | \$98,459 |
| | Incurred Total | \$206,369 | \$383,549 | \$157,610 | \$276,388 | \$1,023,916 |
| | Cost per Claim | \$41,274 | \$42,617 | \$39,403 | \$55,278 | \$44,518 |
| 2003 | Total Claims | 9 | 3 | 5 | 8 | 25 |
| | Paid Total | \$156,944 | \$144,963 | \$55,486 | \$282,162 | \$639,556 |
| | Reserves | \$2,425 | \$0 | \$20,063 | \$58,114 | \$80,603 |
| | Incurred Total | \$159,369 | \$144,963 | \$75,549 | \$340,277 | \$720,159 |
| | Cost per Claim | \$17,708 | \$48,321 | \$15,110 | \$42,535 | \$28,806 |
| 2004 | Total Claims | 5 | 11 | 5 | 4 | 25 |
| | Paid Total | \$184,279 | \$340,712 | \$18,137 | \$95,484 | \$638,613 |
| | Reserves | \$68,831 | \$15,750 | \$469 | \$10,820 | \$95,870 |
| | Incurred Total | \$253,111 | \$356,462 | \$18,607 | \$106,304 | \$734,483 |
| | Cost per Claim | \$50,622 | \$32,406 | \$3,721 | \$26,576 | \$29,379 |
| 2005 | Total Claims | 6 | 7 | 5 | 7 | 25 |
| | Paid Total | \$474,745 | \$204,785 | \$73,216 | \$47,608 | \$800,355 |
| | Reserves | \$194,889 | \$92,722 | \$85,607 | \$40,178 | \$413,396 |
| | Incurred Total | \$669,635 | \$297,507 | \$158,823 | \$87,786 | \$1,213,751 |
| | Cost per Claim | \$111,606 | \$42,501 | \$31,765 | \$12,541 | \$48,550 |
| 2006 | Total Claims | 5 | 6 | 4 | 1 | 16 |
| | Paid Total | \$38,687 | \$138,561 | \$39,744 | \$78 | \$217,070 |
| | Reserves | \$0 | \$67,210 | \$18,368 | \$0 | \$85,578 |
| | Incurred Total | \$38,687 | \$205,770 | \$58,112 | \$78 | \$302,648 |
| | Cost per Claim | \$7,737 | \$34,295 | \$14,528 | \$78 | \$18,915 |
| 2007 | Total Claims | 7 | 2 | 5 | 6 | 20 |
| | Paid Total | \$151,360 | \$78,216 | \$77,706 | \$23,204 | \$330,486 |
| | Reserves | \$103,421 | \$15,663 | \$30,302 | \$166,932 | \$316,318 |
| | Incurred Total | \$254,781 | \$93,879 | \$108,009 | \$190,136 | \$646,804 |
| | Cost per Claim | \$36,397 | \$46,939 | \$21,602 | \$31,689 | \$32,340 |

Police (Units E & F) Indemnity Claims/Cost

| Fiscal Year | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total |
|--------------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------|
| 2002 | Total Claims | 8 | 11 | 8 | 5 | 32 |
| | Paid Total | \$936,670 | \$676,813 | \$160,618 | \$69,938 | \$1,844,039 |
| | Reserves | \$86,900 | \$86,337 | \$0 | \$0 | \$173,237 |
| | Incurred Total | \$1,023,570 | \$763,150 | \$160,618 | \$69,938 | \$2,017,276 |
| | Cost per Claim | \$127,946 | \$69,377 | \$20,077 | \$13,988 | \$63,040 |
| 2003 | Total Claims | 6 | 2 | 5 | 4 | 17 |
| | Paid Total | \$376,712 | \$174,959 | \$149,313 | \$158,774 | \$859,758 |
| | Reserves | \$0 | \$17,666 | \$105,874 | \$7,813 | \$131,353 |
| | Incurred Total | \$376,712 | \$0 | \$0 | \$0 | \$376,712 |
| | Cost per Claim | \$62,785 | \$0 | \$0 | \$0 | \$22,160 |
| 2004 | Total Claims | 7 | 2 | 4 | 8 | 21 |
| | Paid Total | \$156,883 | \$8,906 | \$26,187 | \$132,489 | \$324,465 |
| | Reserves | \$6,989 | \$0 | \$0 | \$14,764 | \$21,753 |
| | Incurred Total | \$163,872 | \$8,906 | \$26,187 | \$147,253 | \$346,218 |
| | Cost per Claim | \$23,410 | \$4,453 | \$6,547 | \$18,407 | \$16,487 |
| 2005 | Total Claims | 7 | 4 | 3 | 5 | 19 |
| | Paid Total | \$173,808 | \$154,025 | \$130,410 | \$124,053 | \$582,297 |
| | Reserves | \$93,501 | \$209,438 | \$23,756 | \$171,407 | \$498,101 |
| | Incurred Total | \$267,309 | \$363,463 | \$154,166 | \$295,460 | \$1,080,398 |
| | Cost per Claim | \$38,187 | \$90,866 | \$51,389 | \$59,092 | \$56,863 |
| 2006 | Total Claims | 6 | 11 | 5 | 7 | 29 |
| | Paid Total | \$8,661 | \$398,731 | \$59,650 | \$119,783 | \$586,825 |
| | Reserves | \$2,604 | \$141,404 | \$37,856 | \$22,330 | \$204,194 |
| | Incurred Total | \$11,265 | \$540,136 | \$97,505 | \$142,113 | \$791,019 |
| | Cost per Claim | \$1,878 | \$49,103 | \$19,501 | \$20,302 | \$27,277 |
| 2007 | Total Claims | 8 | 7 | 10 | 1 | 26 |
| | Paid Total | \$26,871 | \$32,684 | \$102,061 | \$5,043 | \$166,657 |
| | Reserves | \$15,167 | \$9,847 | \$86,598 | \$21,669 | \$133,282 |
| | Incurred Total | \$42,038 | \$42,530 | \$188,659 | \$26,712 | \$299,939 |
| | Cost per Claim | \$5,255 | \$6,076 | \$18,866 | \$26,712 | \$11,536 |

Non-Safety Units Indemnity Claims/Cost

| Fiscal Year | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total |
|--------------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------|
| 2002 | Total Claims | 28 | 28 | 29 | 30 | 115 |
| | Paid Total | \$1,031,892 | \$1,444,411 | \$643,547 | \$1,338,927 | \$4,458,777 |
| | Reserves | \$191,423 | \$74,350 | \$109,621 | \$353,590 | \$728,985 |
| | Incurred Total | \$1,223,315 | \$1,518,762 | \$753,168 | \$1,692,518 | \$5,187,762 |
| | Cost per Claim | \$43,690 | \$54,241 | \$25,971 | \$56,417 | \$45,111 |
| 2003 | Total Claims | 35 | 22 | 25 | 30 | 112 |
| | Paid Total | \$1,315,785 | \$668,582 | \$685,737 | \$789,358 | \$3,459,462 |
| | Reserves | \$288,394 | \$88,519 | \$331,374 | \$217,024 | \$925,311 |
| | Incurred Total | \$1,604,179 | \$757,100 | \$1,017,111 | \$1,006,382 | \$4,384,772 |
| | Cost per Claim | \$45,834 | \$34,414 | \$40,684 | \$33,546 | \$39,150 |
| 2004 | Total Claims | 28 | 20 | 18 | 24 | 90 |
| | Paid Total | \$453,861 | \$494,483 | \$193,015 | \$790,174 | \$1,931,533 |
| | Reserves | \$93,572 | \$343,714 | \$113,189 | \$320,968 | \$871,443 |
| | Incurred Total | \$547,433 | \$838,197 | \$306,204 | \$1,111,142 | \$2,802,976 |
| | Cost per Claim | \$19,551 | \$41,910 | \$17,011 | \$46,298 | \$31,144 |
| 2005 | Total Claims | 28 | 21 | 22 | 20 | 91 |
| | Paid Total | \$416,541 | \$633,938 | \$210,333 | \$303,380 | \$1,564,192 |
| | Reserves | \$153,288 | \$145,128 | \$52,029 | \$165,722 | \$516,167 |
| | Incurred Total | \$569,829 | \$779,066 | \$262,362 | \$469,102 | \$2,080,359 |
| | Cost per Claim | \$20,351 | \$37,098 | \$11,926 | \$23,455 | \$22,861 |
| 2006 | Total Claims | 22 | 23 | 11 | 20 | 76 |
| | Paid Total | \$385,354 | \$280,284 | \$75,920 | \$216,191 | \$957,748 |
| | Reserves | \$167,732 | \$148,594 | \$26,956 | \$110,532 | \$453,814 |
| | Incurred Total | \$553,086 | \$428,877 | \$102,875 | \$326,723 | \$1,411,562 |
| | Cost per Claim | \$25,140 | \$18,647 | \$9,352 | \$16,336 | \$18,573 |
| 2007 | Total Claims | 10 | 19 | 12 | 7 | 48 |
| | Paid Total | \$26,071 | \$66,668 | \$106,952 | \$4,664 | \$204,355 |
| | Reserves | \$5,325 | \$76,445 | \$112,514 | \$72,437 | \$266,721 |
| | Incurred Total | \$31,397 | \$143,113 | \$219,466 | \$77,101 | \$471,076 |
| | Cost per Claim | \$3,140 | \$7,532 | \$18,289 | \$11,014 | \$9,814 |

Grand Total Indemnity Claims/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 | \$2,174,331 | \$2,468,368 | \$935,479 | \$1,650,095 | \$7,228,273 |
| | Reserves | \$278,923 | \$197,092 | \$135,918 | \$388,748 | \$1,000,681 |
| | Incurred Total | \$2,453,254 | \$2,665,460 | \$1,071,396 | \$2,038,843 | \$8,228,954 |
| | Cost per Claim | \$59,835 | \$55,530 | \$26,132 | \$50,971 | \$48,406 |
| 2003 | Total Claims | 50 | 27 | 35 | 42 | 154 |
| | Paid Total | \$1,849,442 | \$988,503 | \$890,537 | \$1,230,294 | \$4,958,776 |
| | Reserves | \$290,819 | \$106,185 | \$457,311 | \$282,951 | \$1,137,266 |
| | Incurred Total | \$2,140,261 | \$1,094,688 | \$1,347,848 | \$1,513,245 | \$6,096,042 |
| | Cost per Claim | \$42,805 | \$40,544 | \$38,510 | \$36,030 | \$39,585 |
| 2004 | Total Claims | 40 | 33 | 27 | 36 | 136 |
| | Paid Total | \$795,024 | \$844,101 | \$237,339 | \$1,018,147 | \$2,894,611 |
| | Reserves | \$169,392 | \$359,464 | \$113,659 | \$346,551 | \$989,066 |
| | Incurred Total | \$964,416 | \$1,203,565 | \$350,998 | \$1,364,698 | \$3,883,677 |
| | Cost per Claim | \$24,110 | \$36,472 | \$13,000 | \$37,908 | \$28,556 |
| 2005 | Total Claims | 41 | 32 | 30 | 32 | 135 |
| | Paid Total | \$1,065,095 | \$992,748 | \$413,960 | \$475,042 | \$2,946,844 |
| | Reserves | \$441,678 | \$447,288 | \$161,392 | \$377,306 | \$1,427,665 |
| | Incurred Total | \$1,506,773 | \$1,440,036 | \$575,352 | \$852,348 | \$4,374,508 |
| | Cost per Claim | \$36,751 | \$45,001 | \$19,178 | \$26,636 | \$32,404 |
| 2006 | Total Claims | 33 | 40 | 20 | 28 | 121 |
| | Paid Total | \$432,702 | \$817,576 | \$175,313 | \$336,053 | \$1,761,643 |
| | Reserves | \$170,336 | \$357,208 | \$83,180 | \$132,862 | \$743,586 |
| | Incurred Total | \$603,038 | \$1,174,784 | \$258,493 | \$468,914 | \$2,505,229 |
| | Cost per Claim | \$18,274 | \$29,370 | \$12,925 | \$16,747 | \$20,704 |
| 2007 | Total Claims | 25 | 28 | 27 | 14 | 94 |
| | Paid Total | \$204,302 | \$177,567 | \$286,719 | \$32,911 | \$701,499 |
| | Reserves | \$123,914 | \$101,954 | \$229,414 | \$261,038 | \$716,320 |
| | Incurred Total | \$328,216 | \$279,522 | \$516,133 | \$293,949 | \$1,417,820 |
| | Cost per Claim | \$13,129 | \$9,983 | \$19,116 | \$20,996 | \$15,083 |

Appendix V
Current Year's Expenses from Prior Year Claims
As of June 30, 2007

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 four fiscal years, 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 2004 | Amount Paid on Claims in Fiscal 2005 | Amount Paid on Claims in Fiscal 2006 | Amount Paid on Claims in Fiscal 2007 | Total Amount Paid from FY 04 to FY 07 |
|---------------------------------------|---|---|---|---|--|
| Fiscal Years 1976 through 1979 | \$59,351 | \$31,999 | \$164,694 | \$36,038 | \$292,082 |
| Fiscal Years 1980 through 1989 | \$94,090 | \$29,320 | \$22,032 | \$69,437 | \$214,879 |
| Fiscal Years 1990 through 1999 | \$1,404,749 | \$1,390,667 | \$601,464 | \$552,184 | \$3,949,064 |
| Fiscal 2000 | \$511,199 | \$301,966 | \$262,383 | \$179,770 | \$1,255,318 |
| Fiscal 2001 | \$636,925 | \$351,619 | \$232,668 | \$278,926 | \$1,500,138 |
| Fiscal 2002 | \$1,334,526 | \$1,083,436 | \$869,433 | \$795,718 | \$4,083,113 |
| Fiscal 2003 | \$1,578,382 | \$974,712 | \$615,830 | \$624,349 | \$3,793,274 |
| Fiscal 2004 | \$629,686 | \$1,276,255 | \$562,974 | \$532,671 | \$3,001,587 |
| Fiscal 2005 | 0 | \$898,132 | \$1,272,027 | \$829,776 | \$2,999,935 |
| Fiscal 2006 | 0 | 0 | \$740,408 | \$1,085,693 | \$1,826,101 |
| Fiscal 2007 | 0 | 0 | \$0 | \$741,710 | \$741,710 |
| Total | \$6,248,908 | \$6,338,106 | \$5,343,914 | \$5,726,272 | \$23,657,201 |

Chart 1

Indemnity Claims as of 06-30-07

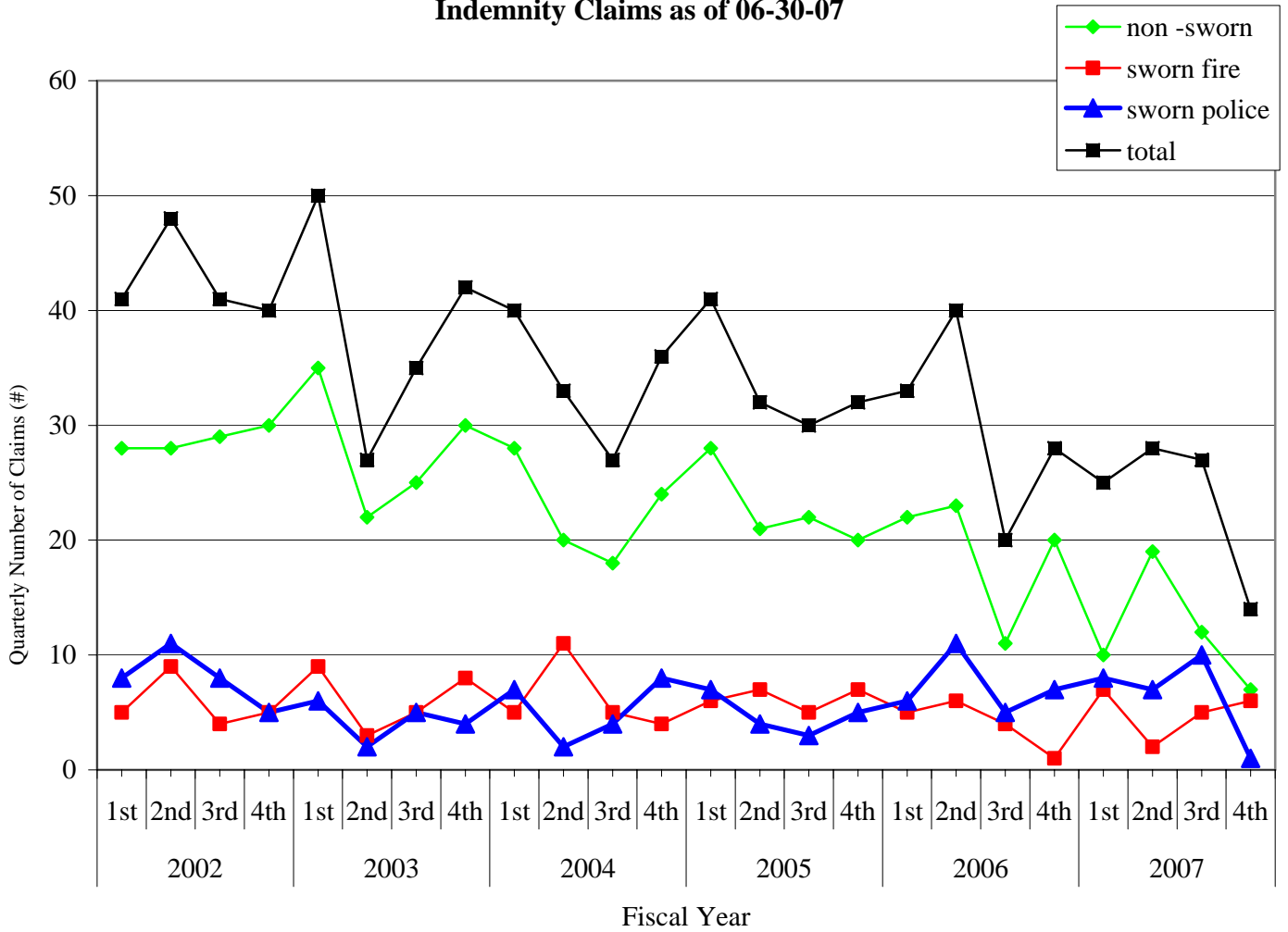


Chart 2

Medical Only Claims as of 06-30-07

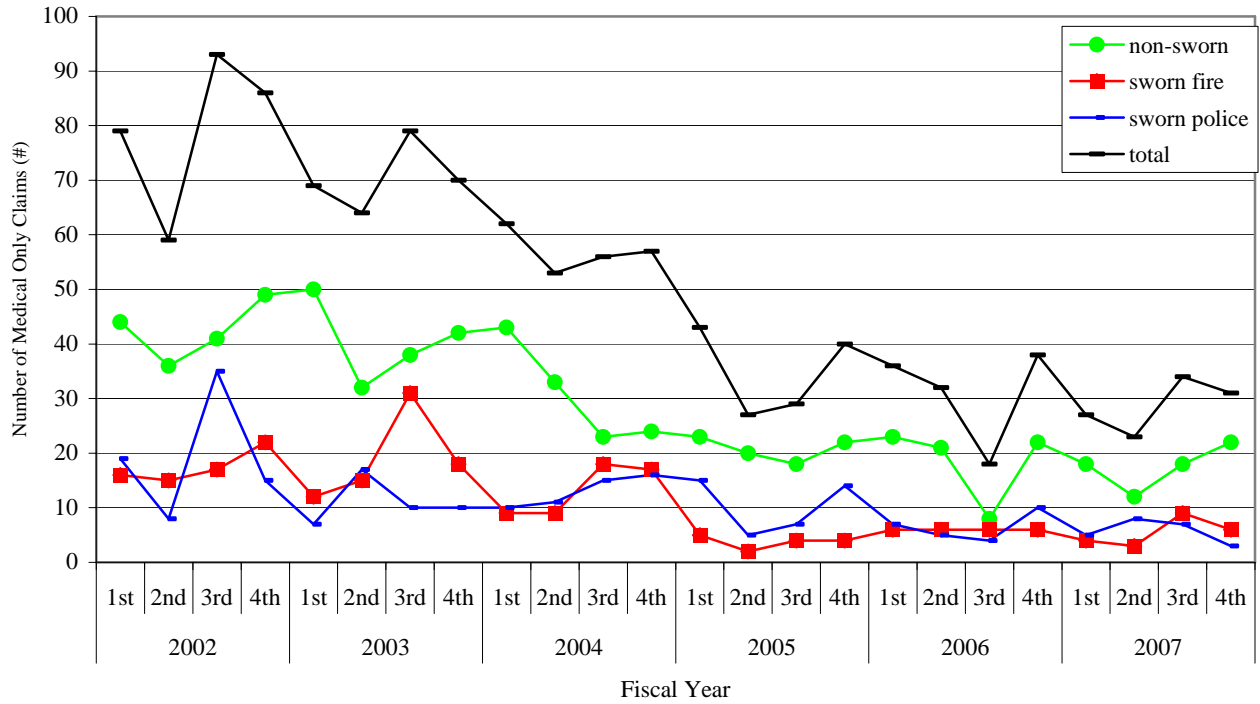


Chart 3

Annual Workers' Compensation Claims as of 06-30-07

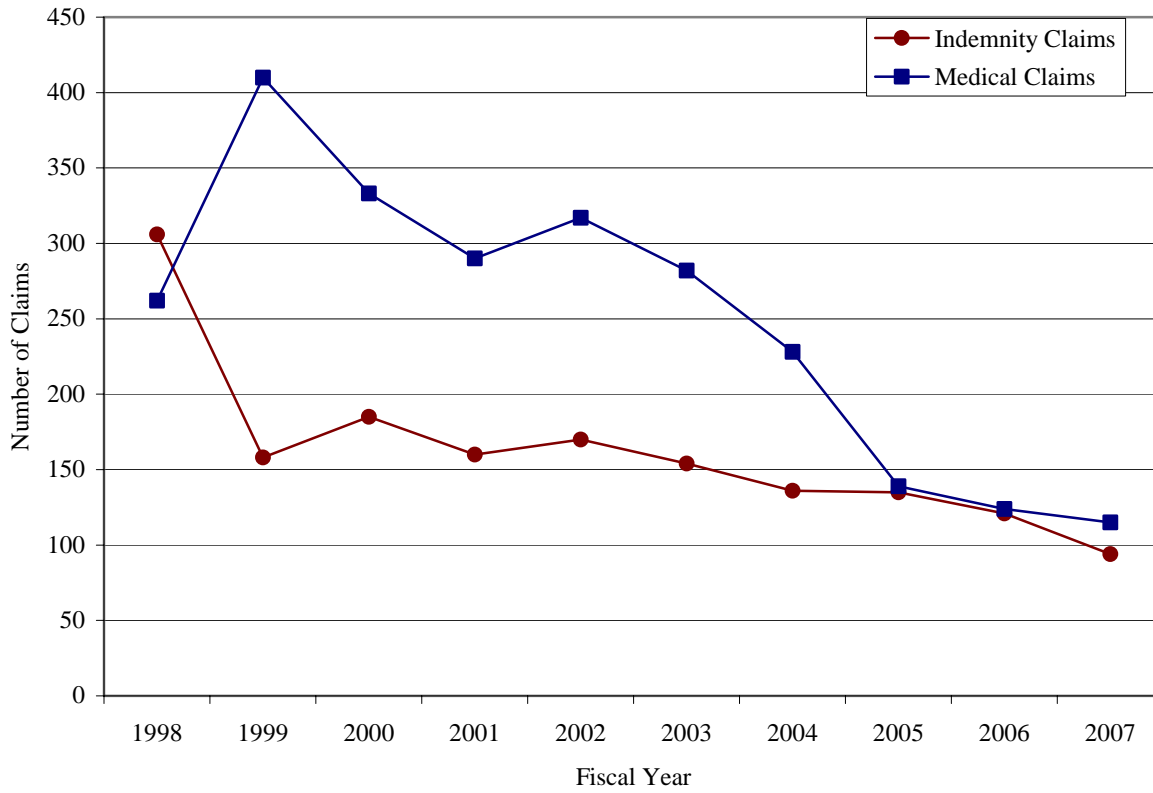


Chart 4

Indemnity - Cost/Claim as of 06-30-07

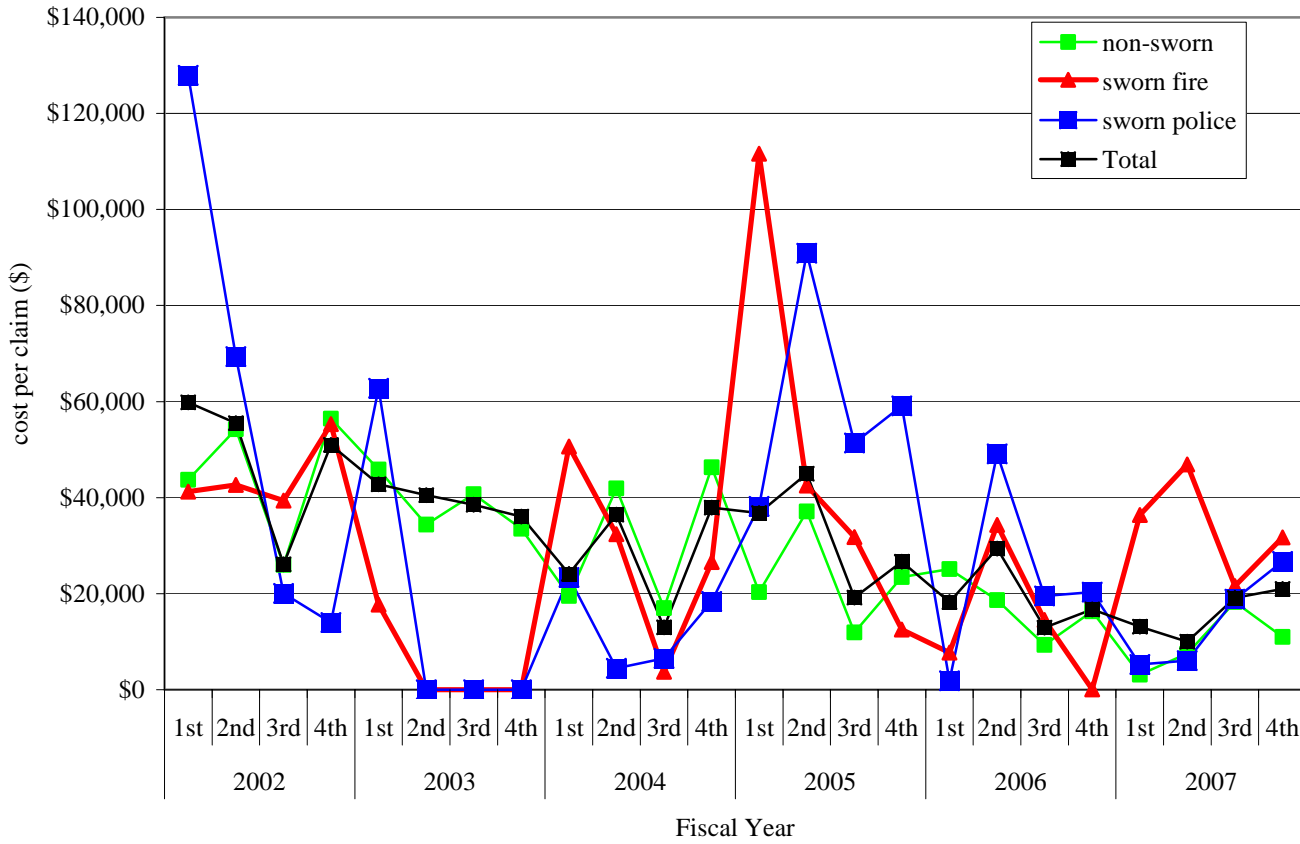


Chart 5

Annual Workers' Comp Claims/Percentage of FTEs as of 06-30-07

