

Workers Compensation ADR / “Carve-Out” Agreement

Department of Human Resources

Government Audit & Oversight Committee
February 7, 2019





Overview

- Resolution authorizing the Department of Human Resources (DHR) to enter into a Workers' Compensation Alternative Dispute Resolution Labor-Management Agreement with Police and Fire Unions.
- Designed as alternate to the normal state-administered process overseen by the State Division of Workers' Compensation.
- The "Carve Out" will allow the City to develop, in partnership with Labor, alternative dispute resolution processes for Workers' Compensation claims in order to **resolve disputes more rapidly, reduce litigation, and help employees get back to work sooner.**
- Initial term of three years to commence following approval by the Board of Supervisors, and continuing year to year thereafter in one year terms.

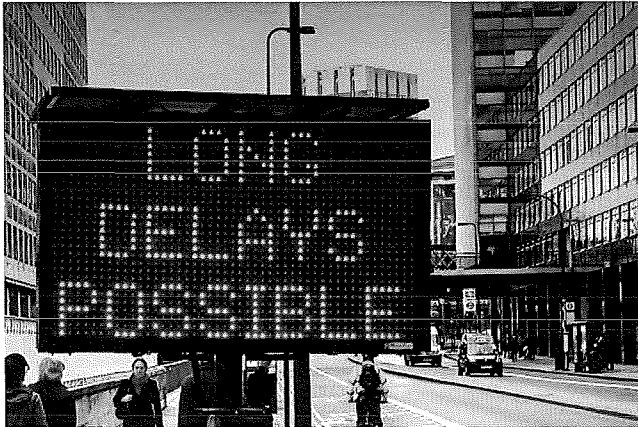


Brief Background

- In December 2018, the SF Police Officers Association (POA) and SF Fire Fighters Local 798 each agreed to the terms of an ADR program to resolve workers' compensation injury claims filed by current and former employees represented by the two unions.
- If approved, DHR will implement the program on 7/1/19.
- Pilot program using sworn union members with similar job activities throughout membership.



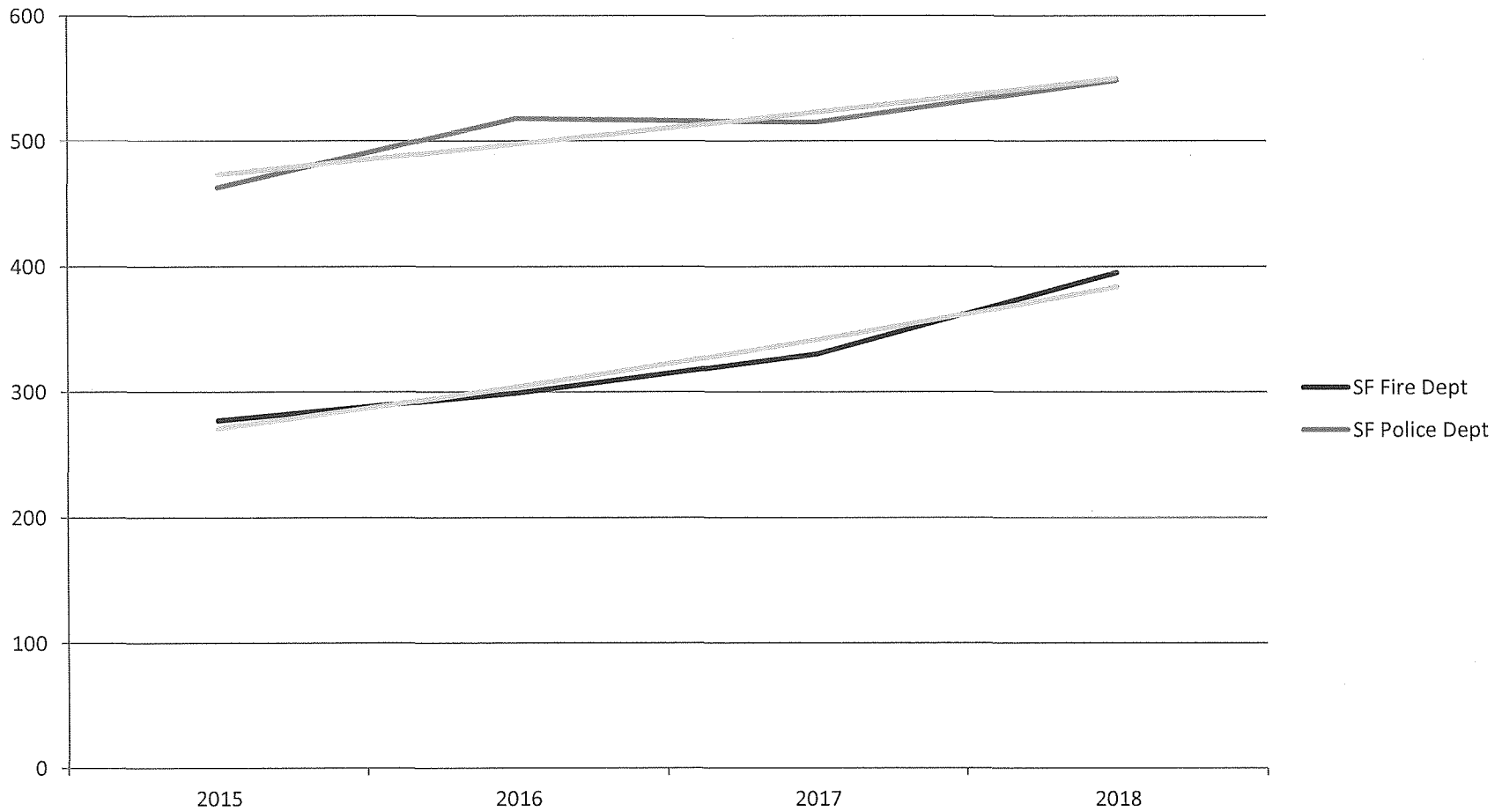
The Current Scenario



- ***The Carve-Out is a direct attempt to mitigate the challenges with the current system.***
- State administrated process often has lengthy delays in dispute resolution for medical evaluations.
- As a result of the delays, disputes remain unresolved and injured employees remain off work longer.
- Fewer staff available to work leads to increased shifts/workload on remaining employees.
- Industry data and experience show the longer a claim is open, the more expensive it becomes.
- WC costs for Police and Fire are increasing.



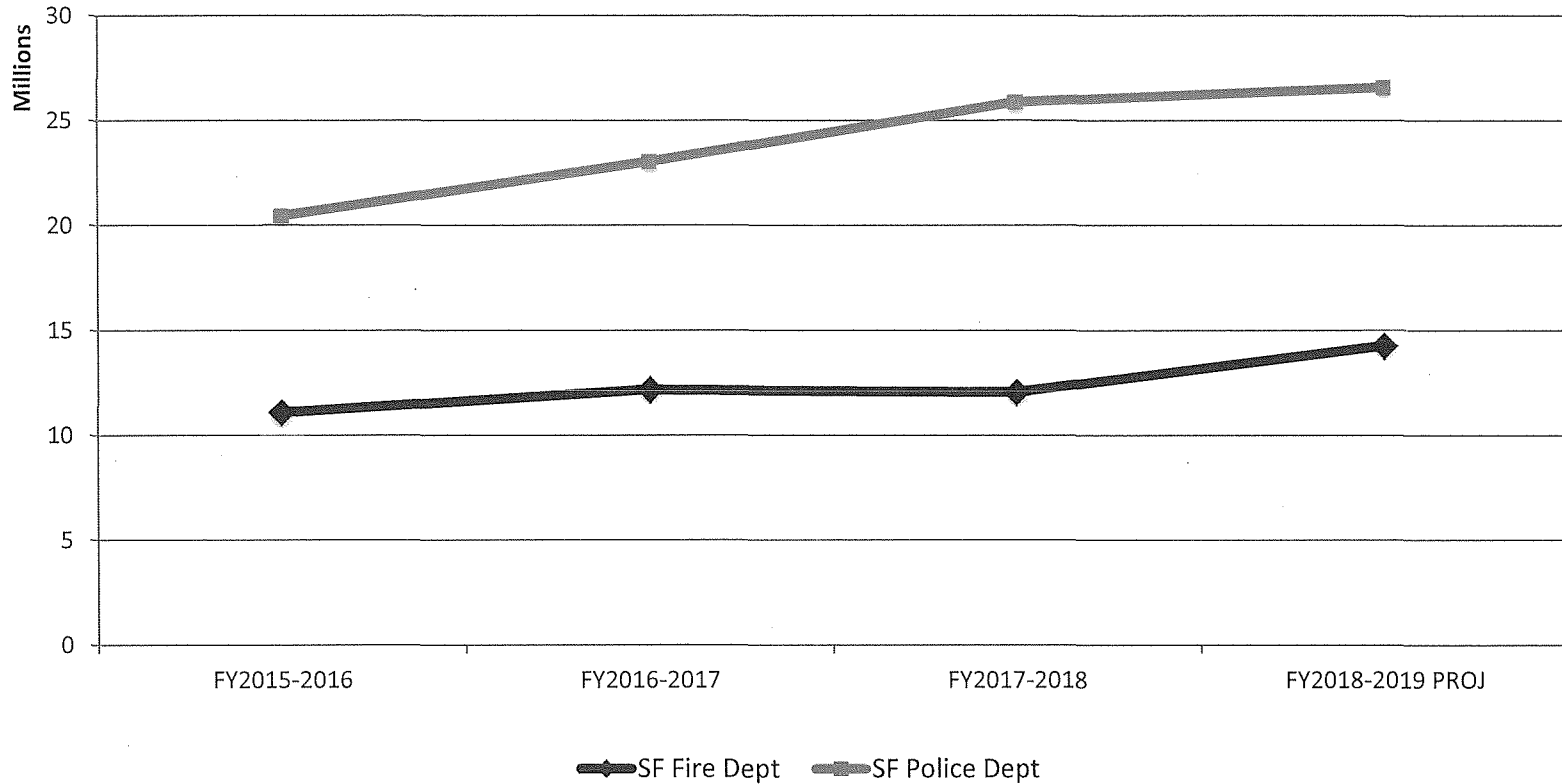
Police and Fire Injury Trends





Cost Trends- Last Three Years

Workers' Compensation Benefit Payments





Benefits and Key Goals

- Reduced Litigation
- Faster and more timely determinations on covered workers compensation claims
- Improved Labor-Management Relations
- Potential cost savings
- Faster Return to work, in light of disputes resolved more expeditiously

- Neither benefits nor rights may be diminished for either party
- Both employer and employee remain entitled to legal representation at all phases

Thank You

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