

Appropriation - General Reserve - Various Departments - Workers' Compensation

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Workers' Compensation

- Under California State Law, the City must provide benefits to employees who experience a work-related injury or illness, including:
 - Medical care
 - Temporary disability payments
 - Permanent disability payments
 - Job retraining and vocational rehabilitation
 - Death benefits
- The City is self-insured for workers' compensation, which is administered by DHR's Workers' Compensation Division
- The FY21-22 workers' compensation budget was based on prior year expenditure trends, claim filing history, and known inflation factors



Surge in Claims and Increased Fees

- Why is the City facing workers' compensation cost overruns?
 - Many departments, especially those with frontline workers, experienced **a surge in workers' compensation claims in FY22** that exceeded forecast assumptions. **Claim filings have risen 34% across the City, and include COVID infections attributed to workplace exposure.**
 - The State of California **sharply increased benefit rates and fee schedules** that are passed on to all workers' compensation insurers. As a result, temporary disability, permanent disability, and medical expenses are all more expensive than forecast.



Supplemental Request

- Departments with frontline workers, including Fire, Public Health, Sheriff, and Emergency Management, were particularly hard hit by rising claim volume and costs, and require additional appropriation to meet forecast costs:

Dept.	Revised Budget	Actual Expense 7/1/21 - 2/28/22	Projected Year-End Actuals	Estimated Year-End Deficit/ Supplemental Need
DPH	\$15.4	\$12.6	\$18.9	(\$3.6)
FIR	\$12.2	\$12.7	\$18.2	(\$6.0)
DEM	\$0.5	\$0.4	\$0.7	(\$0.2)
SHF	\$6.0	\$5.7	\$9.4	(\$3.4)
			Total	(\$13.1)

All figures in (\$) million dollars

- Approval of this \$13.1M Supplemental Appropriation is needed to be able to pay injured workers and their medical providers through June 30.

Thank you