



**President**  
Ms. Elizabeth Ehrenstrom  
City of Oroville

**Vice President**  
Ms. Kristine Haile  
City of Folsom

**Treasurer**  
Mr. Tim Sailsbery  
City of Willows

**Secretary**  
Ms. Gina Will  
Town of Paradise

**NORTHERN CALIFORNIA CITIES SELF INSURANCE FUND  
CLAIMS COMMITTEE MEETING  
VIA TELECONFERENCE  
AGENDA**

**Date:** Thursday, May 30, 2019

**Time:** 10:30 a.m.

**Location:** Teleconference - Multiple Locations

**A – Action**  
**I – Information**

**1 – Attached**  
**2 – Hand Out**  
**3 – Separate Cover**  
**4 – Verbal**

**This Meeting Agenda shall be posted at the address of the teleconference locations shown below with access for the public via phone/speakerphone.**

1. City of Folsom - 50 Natoma Street, Folsom, CA 95630
2. City of Galt - 380 Civic Drive, Galt, CA 95632
3. City of Oroville - 1735 Montgomery Street, Oroville, CA 95965
4. City of Willows - 201 North Lassen Street, Willows, CA 95988

**MISSION STATEMENT**

*The Northern California Cities Self Insurance Fund, or NCCSIF, is an association of municipalities joined to protect member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.*

**A. CALL TO ORDER**

**B. ROLL CALL**

**C. APPROVAL OF AGENDA AS POSTED**

**A 1**

**D. PUBLIC COMMENTS**

*This time is reserved for members of the public to address the Committee on matters pertaining to NCCSIF that are of interest to them.*

pg. 3 **E. CONSENT CALENDAR**

**A 1**

*All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or the Committee may request any item to be considered separately.*

pg. 4 1. Claims Committee Meeting Minutes - March 14, 2019

pg. 8 2. Claims Committee Special Meeting Minutes - April 23, 2019



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Ms. Gina Will  
Town of Paradise

- pg. 10 **F. CLOSED SESSION TO DISCUSS PENDING CLAIMS** **A 3**  
(Per Governmental Code Section 54956.95)  
\*REQUESTING AUTHORITY

Liability:

1. Limb v. City of Folsom\*

Workers Compensation:

1. NCWA-556537, NCWA-83200, NCWA-558217 v. City of Rocklin\*
2. NCWA-555869, NCWA-558062 v. City of Folsom\*
3. NCWA-345629 v. City of Oroville\*

- G. REPORT FROM CLOSED SESSION** **I 4**  
*The Committee will announce any reportable action taken in closed session*

- pg. 11 **H. NCCSIF WORKERS' COMPENSATION PROGRAM CLAIMS AUDIT** **A 1**  
**AS OF APRIL 2019 AND YORK'S RESPONSE**  
*The Committee will review the most recent Workers' Compensation claims audit conducted by Farley Consulting Services in April 2019 and the response from York to accept and file.*

- pg. 32 **I. ROUND TABLE DISCUSSION** **I 4**  
*This is an opportunity for Committee members to ask questions or raise issue on risk exposures common to the members.*

**J. ADJOURNMENT**

**UPCOMING MEETINGS**

- Board of Directors Meeting - June 13, 2019
- Police Risk Management Committee Meeting - August 1, 2019
- Claims Committee Meeting - September 26, 2019
- Executive Committee Meeting - September 26, 2019
- Risk Management Committee Meeting - October 24, 2019

*Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Raychelle Maranan at Alliant Insurance Services at (916) 643-2712.*

*The Agenda packet will be posted on the NCCSIF website at [www.nccsif.org](http://www.nccsif.org). Documents and material relating to an open session agenda item that are provided to the NCCSIF Claims Committee less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815.*

*Access to some buildings and offices may require routine provisions of identification to building security. However, NCCSIF does not require any member of the public to register his or her name or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.*



BACK TO AGENDA

**Northern California Cities Self Insurance Fund  
Claims Committee Meeting  
May 30, 2019**

**Agenda Item E.**

## **CONSENT CALENDAR**

### **ACTION ITEM**

**ISSUE:** The Claims Committee reviews items on the Consent Calendar, and if any item requires clarification or discussion a Member should ask that it be removed for separate action. The Committee should then consider action to approve the Consent Calendar excluding those items removed. Any items removed from the Consent Calendar will be placed later on the agenda in an order determined by the Chair.

**RECOMMENDATION:** Adoption of the Consent Calendar after review by the Committee.

**FISCAL IMPACT:** None.

**BACKGROUND:** Routine items that generally do not require discussion are regularly placed on the Consent Calendar for approval.

### **ATTACHMENT(S):**

1. Claims Committee Meeting Minutes - March 14, 2019
2. Claims Committee Special Meeting Minutes - April 23, 2019



**MINUTES OF THE  
NCCSIF CLAIMS COMMITTEE MEETING  
ROCKLIN EVENT CENTER, ROCKLIN, CA  
MARCH 14, 2019**

**COMMITTEE MEMBERS PRESENT**

Kristine Haile, City of Folsom (**Chair**)  
Cora Hall, City of Galt  
Liz Ehrenstrom, City of Oroville  
Gina Will, Town of Paradise  
Tim Sailsbery, City of Willows

**OTHER MEMBERS PRESENT**

Loree McCay, City of Nevada City

**CONSULTANTS & GUESTS**

Marcus Beverly, Alliant Insurance Services	Steven Scott, York Risk Services
Raychelle Maranan, Alliant Insurance Services	Tom Baber, York Risk Services
Dori Zumwalt, York Risk Services	Jill Petrarca, York Risk Services

**A. CALL TO ORDER**

Chair Kristine Haile called the meeting to order at 12:24 p.m.

**B. APPROVAL OF AGENDA AS POSTED**

**A motion was made to approve the Agenda as posted.**

**Motion:** Liz Ehrenstrom                      **Second:** Tim Sailsbery                      **Motion Carried**  
**Ayes:** Haile, Hall, Ehrenstrom, Will, Sailsbery

**C. PUBLIC COMMENTS**

Ms. Dori Zumwalt introduced Jill Petrarca as the new Liability Claims Team Manager.

**D. CONSENT CALENDAR**

Chair Haile noted correction on the November 19, 2018 meeting minutes, under the second attendee list category should read, Committee Members "Absent" and not present.

1. Claims Committee Special Meeting Minutes - November 19, 2018 (Draft)



2. Claims Committee Special Meeting Minutes - February 6, 2019 (Draft)

**A motion was made to approve the items in the Consent Calendar as amended.**

**Motion:** Liz Ehrenstrom                      **Second:** Tim Sailsbery                      **Motion Carried**  
**Ayes:** Haile, Hall, Ehrenstrom, Will, Sailsbery

*Loree McCay left the meeting at 12:28 p.m.*

#### **E. CLOSED SESSION**

Pursuant to Government Code Section 54956.95, the Committee recessed to closed session at 12:28 p.m. to discuss the following claims:

##### Workers Compensation:

1. NCWA-557346 v. City of Oroville
2. NCWA-343291 v. City of Galt
3. NCWA-536977 v. City of Galt

##### Liability:

1. Donahue v. City of Auburn
2. Hicks v. City of Auburn
3. Harrison v. City of Rio Vista
4. Han v. City of Folsom - update only
5. Bobo's Café v. City of Auburn

#### **F. REPORT FROM CLOSED SESSION**

The Committee reconvened to open session at 1:14 p.m.

Chair Haile indicated no formal announcement is necessary as direction was given to the Program and Claims Administrators for the claims referenced above.

#### **G. CSAC EIA 2018 WORKERS' COMPENSATION PROGRAM CLAIMS AUDIT AND YORK'S RESPONSE**

Mr. Beverly reviewed the highlights of the audit and noted overall the results meet or exceed the standard requirements with nine of the fifteen categories scored 100%. The York Workers' Compensation team has made a significant improvement since the last audit. The prior audit composite score was 84% and this year, the overall composite score is 93%.

**A motion was made to accept and file the CSAC EIA 2018 Workers' Compensation Program Claims Audit Report.**



**Motion:** Liz Ehrenstrom

**Second:** Cora Hall

**Motion Carried**

**Ayes:** Haile, Hall, Ehrenstrom, Will, Sailsbery

**H. CSAC EIA ENDORSEMENT NO. U-6: OFF-DUTY PEACE OFFICER INJURY (AB 1749)**

Mr. Beverly reported AB 1749 was signed into law effective January 1, 2019, that allows employers to provide Workers' Compensation benefits to peace officers for injuries sustained outside of California. This was rooted from the mass shooting in Las Vegas on October 1, 2017. NCCSIF's excess Workers' Compensation coverage provider, CSAC EIA, has developed an endorsement to provide such coverage, but only if the injury qualifies and the employer has passed the appropriate resolution. The pool may certainly accept to include the endorsement to the NCCSIF 19/20 Memorandum of Coverage and allow individual members to decide if they want to pass a resolution.

The Committee had reservation whether it is wise or not to extend coverage to off-duty, out-of-state conduct of their safety employees. Also, considering what rules, policies and best practices can be put into place before doing so. Benefits determination should be decided at the discretion of the employing entity.

The Committee tabled this matter to the Board of Directors for further discussion.

**I. DEFENSE COUNSEL RATE INCREASE**

Mr. Beverly indicated the Donahue Davies LLP law firm provided their new hourly rates: \$210 for Partners, \$195 for Associates and \$95 for Paralegals. The rates are in line with the rest of defense counsel.

**A motion was made to approve the new rate for Donahue Davies LLP Law Firm 2018 fee schedule as presented.**

**Motion:** Liz Ehrenstrom

**Second:** Gina Will

**Motion Carried**

**Ayes:** Haile, Hall, Ehrenstrom, Will, Sailsbery

**J. ROUND TABLE DISCUSSION**

None.

**K. ADJOURNMENT**

This meeting was adjourned at 1:37 p.m.



Respectfully Submitted,

---

Gina Will, Secretary

---

Date

DRAFT



**MINUTES OF THE  
NCCSIF CLAIMS COMMITTEE SPECIAL MEETING  
VIA TELECONFERENCE  
APRIL 23, 2019**

**COMMITTEE MEMBERS PRESENT**

Kristine Haile, City of Folsom (**Chair**)  
Liz Ehrenstrom, City of Oroville  
Tim Sailsbery, City of Willows

**COMMITTEE MEMBERS ABSENT**

Cora Hall, City of Galt  
Gina Will, Town of Paradise

**CONSULTANTS & GUESTS**

Marcus Beverly, Alliant Insurance Services                      Steven Scott, York Risk Services  
Raychelle Maranan, Alliant Insurance Services

**A. CALL TO ORDER**

Chair Kristine Haile called the meeting to order at 11:37 a.m.

**B. ROLL CALL**

Roll call was made and the above mentioned members were present constituting a quorum.

**C. APPROVAL OF AGENDA AS POSTED**

**A motion was made to approve the Agenda as posted.**

**Motion:** Tim Sailsbery                      **Second:** Liz Ehrenstrom                      **Motion Carried**  
**Ayes:** Haile, Ehrenstrom, Sailsbery

**D. PUBLIC COMMENTS**

No public comments were made.

**E. CLOSED SESSION**

Pursuant to Government Code Section 54956.95, the Committee recessed to closed session at 11:39 a.m. to discuss the following claim:



Workers' Compensation:

1. NCWA-556357 v. City of Willows
2. NCWA-387542 v. City of Rocklin
3. NCWA-344338 v. City of Anderson
4. NCWA-73724 v. City of Gridley
5. NCWA-348824 v. City of Red Bluff
6. NCWA-556775/NCWA-557246 v. City of Folsom

**F. REPORT FROM CLOSED SESSION**

The meeting resumed to open session at 12:09 p.m.

Chair Haile indicated no formal announcement is necessary as direction was given to the Program and Claims Administrators for the claims referenced above.

Mr. Tim Sailsbery suggested to use the Settlement Authority Request format with signature line going forward.

**G. ADJOURNMENT**

This meeting was adjourned at 12:11 p.m.

Respectfully Submitted,

\_\_\_\_\_  
Gina Will, Secretary

\_\_\_\_\_  
Date



BACK TO AGENDA

Northern California Cities Self Insurance Fund  
Claims Committee Meeting  
May 30, 2019

Agenda Item F.

## CLOSED SESSION TO DISCUSS PENDING CLAIMS

(Per Governmental Code Section 54956.95)

### ACTION ITEM

**ISSUE:** Pursuant to Government Code Section 54956.95, the Committee will hold a Closed Session to discuss the following claims:

Liability:

1. Limb v. City of Folsom\*

Workers Compensation:

1. NCWA-556537, NCWA-83200, NCWA-558217 v. City of Rocklin\*
2. NCWA-555869/NCWA-558062 v. City of Folsom\*
3. NCWA-345629 v. City of Oroville\*

\*REQUESTING AUTHORITY

**FISCAL IMPACT:** Unknown.

**RECOMMENDATION:** The Program Administrator cannot make a recommendation at this time, as the subject matter is confidential.

**BACKGROUND:** Confidential.

**ATTACHMENT(S):** Confidential reports will be sent separately, before the meeting



**Agenda Item H.**

**NCCSIF WORKERS' COMPENSATION PROGRAM CLAIMS AUDIT  
AND YORK'S RESPONSE**

**ACTION ITEM**

**ISSUE:** NCCSIF contracted with Farley Consulting Services to conduct a Workers' Compensation claims audit. The audit was conducted March 17 through April 1, 2019, and the attached audit report was issued on April 8, 2019. The Executive Summary and recommendations are provided for review and discussion. York's response to the audit and recommendations is also attached.

Overall York's performance meets or exceeds industry standards, with two areas, diary maintenance and documentation clarity, cited for deficiencies. Even with those exceptions York performed at or above the Target Performance Level in all but one category, as indicated in the Compliance Analysis in Exhibit 1 (p. 3) of the report. The one exception, Excess Reporting, is based on one file out of thirteen audited not meeting the standard. Other notable results include 100% compliance for staffing, supervisory activity, litigation management, and payment timeliness and accuracy.

**RECOMMENDATION:** Review, accept and file audit and response.

**FISCAL IMPACT:** None.

**BACKGROUND:** NCCSIF contracts for a Workers' Compensation claims audit every two years to measure the effectiveness of its claims management administrator and their adherence to the performance standards in their contract and those of NSCCSIF's excess coverage provider.

**ATTACHMENT(S):**

1. Workers' Compensation Claims Audit by Farley Consulting Services, dated April 8, 2019
2. York's Response to audit findings dated May 20, 2019



April 8, 2019

Mr. Marcus Beverly  
Northern California Cities Self-Insurance Fund  
c/o Alliant Insurance Services  
2180 Harvard Street, Suite 460  
Sacramento, CA 95815

by e-mail: *marcus.beverly@alliant.com*  
*raychelle.maranan@alliant.com*

## **Northern California Cities Self-Insurance Fund (NCCSIF) Workers' Compensation Claims Audit – 2019**

Dear Mr. Beverly:

Enclosed is the draft report of the recent audit of workers' compensation claims for the Northern California Cities Self-Insurance Fund (NCCSIF). Please review this document and contact me to discuss any changes NCCSIF or you believe are necessary. I will immediately implement agreed changes and issue the final report.

Thank you for allowing FCS to assist NCCSIF with this important project.

Sincerely,

A handwritten signature in black ink that reads "Tim Farley".

Timothy P. Farley, CPCU  
President

Encl.

# **Workers' Compensation Claims Audit 2019**

for

## **Northern California Cities Self-Insurance Fund (NCCSIF)**



**April 8, 2019**



**F A R L E Y**  
**CONSULTING SERVICES, LLC**

2311 Birdie Street ~ Oceanside, CA 92056  
Phone: 760.533.3439 ~ Fax: 760.722.1760  
farleyconsulting@cox.net

**An Independent Claims Management  
Consulting Firm**



April 8, 2019

Alliant Insurance Services  
2180 Harvard Street, Suite 460  
Sacramento, CA 95815

Attn: Mr. Marcus Beverly  
*by email: marcus.beverly@alliant.com*

## **Northern California Cities Self-Insurance Fund (NCCSIF) Workers' Compensation Claims Audit - 2019**

This report summarizes the results of an audit of workers' compensation claims for the Northern California Cities Self-Insurance Fund (NCCSIF). Farley Consulting Services (FCS) reviewed 125 claims via access to the claims management information system of York Risk Services Group (York) in Roseville, California. The audit sample breakdown is:

- 90 open indemnity claims
- 10 closed indemnity claims
- 25 open medical only claims

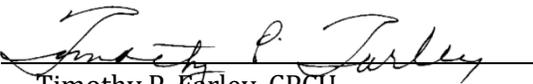
The review was conducted March 17, 2019 through April 1, 2019. FCS's primary contact at York throughout the audit process was Ms. Dorianne Zumwalt. An exit discussion of audit findings was conducted via teleconference with Mr. Jeff Ponta and Mr. Steve Scott of York on April 2, 2019.

York provided written responses to the exit meeting on April 5, 2019. York's comments were considered when preparing this report.

FCS appreciates the opportunity to complete this important project for NCCSIF.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by   
Timothy P. Farley, CPCU  
President

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**Contents**

I. Executive Summary.....1

II. Audit Results .....4

    A. Background.....4

    B. Claims Handling Analysis.....4

        1. Staffing/Caseloads .....4

        2. Accuracy of Case Reserves.....6

        3. Payments/Benefit Calculation Accuracy.....6

        4. Quality of Investigation.....8

        5. Subrogation.....8

        6. Cost Containment.....9

        7. Return-to-Work Policy.....9

        8. Medical Management.....9

        9. Litigation Management.....10

        10. Diary/Case Closure.....10

        11. Documentation and Risk Management Information System (RMIS) Clarity .....10

        12. Supervision.....10

        13. Excess Notification.....11

**Exhibits**

Exhibit 1 – NCCSIF York Claim Administration Performance Compliance Analysis.....3

Exhibit 2 – Claims Handling Personnel/Caseloads Analysis, York.....5

Exhibit 3 – Reserve Analysis, NCCSIF.....7

Exhibit 4 – NCCSIF Diary Maintenance Analysis .....12

Exhibit 5 – NCCSIF Claim Documentation Analysis .....13

**Appendix**

Audit Lists

## I. Executive Summary

FCS's review of 125 workers' compensation claims for NCCSIF finds that York is providing competent claims administration services. Notable deficiencies are identified in the areas of diary maintenance and claim documentation clarity, but York's overall performance meets or exceeds industry standards for the administration of municipal pooling entities. Exhibit 1 on page 3 provides York's compliance performance by key category.

FCS makes the following observations and recommendations based on the review:

1. York is adequately staffed to handle NCCSIF claims. Four indemnity examiners and three medical only/future medical only examiners are assigned to the NCCSIF account. Caseloads for all York personnel are below the recommended maximum of 175 indemnity claims or 300 medical only/future medical claims. Exhibit 2 on page 5 displays the organizational structure of York staff assigned to the NCCSIF account.
2. Case reserves are accurate. Two claims require reserve adjustment. Those claims are discussed in Exhibit 3 on page 7.
3. The audit identified no inaccurately calculated disability benefit rates. No payment accuracy deficiencies are identified. FCS re-rated 15 of the indemnity claims. York's calculation is accurate for all of the re-rated claims

Many member employees qualify for *Labor Code 4850* benefits. Those benefits are consistently calculated accurately and were disbursed timely.

Seven claims generated permanent disability advances that ultimately exceeded the PD award. York notified the employee of the right to take credit for the overpayment in all seven instances.

4. Investigation is thorough, but the initial contact of the employee was late on four of the claims. Those claims are listed on page 8. Another claim that is currently designated as medical only should be considered for conversion to indemnity status. That claim is also discussed on page 8.
5. Six claims reviewed involve subrogation pursuit. York is aggressively pursuing the responsible party on all of these claims.
6. Cost containment is effective. Medical bill review efforts by WellComp resulted in a net savings of 65% of the original amount billed for calendar year 2018. Other similar entities experience average net savings of 62%. A breakdown of these figures is charted on page 9.
7. Medical management is effective. York retains nurse case manager vendors and utilization review (UR) vendors only when these mitigating activities cannot be provided by the York examiner. The audit confirms that these key components of medical management are competently performed.

8. Sixty-two of the 100 indemnity claims reviewed involve some element of litigation. Litigation management is effective. Status updates from defense counsel are timely. Referrals to defense counsel are also timely. No litigation management deficiencies are identified
9. York is not consistently maintaining timely diary. Four claims lack compliance with accepted diary standards. Those claims are discussed in Exhibit 4 on page 12.
10. All material reviewed for this audit was obtained via access to York's Claims Connect information system. That system is accurately recording daily claim administration information, including financial data, daily examiner activity notes, medical documentation, and legal correspondence. Three claims exhibit deficiencies. Those claims are discussed in Exhibit 5 on page 13.  
  
Case reserve worksheets are detailed and clearly displayed in the Claims Connect system.
11. Supervisory activity is consistently documented to the information system. No claim administration supervision deficiencies are identified.
12. Thirteen of the claims reviewed qualify for reporting to excess insurers. All but one of these qualifying claims were reported to the excess provider timely. The possibly deficient claim is discussed on page 11.

These and other elements of the study are discussed in more detail in the remainder of this report.

**Exhibit 1 – NCCSIF York Claim Administration Performance  
Compliance Analysis**

<b>Key Category of Observation</b>	<b>Target Performance Level</b>	<b>York Performance Compliance Rate</b>
Staffing adequacy	100%	100%
Case reserve accuracy	97%	98.5%
Investigation thoroughness	95%	95%
Benefit Payment Timeliness and Accuracy	100%	100%
Litigation management thoroughness	95%	100%
Diary maintenance	95%	96.8%
Documentation/information system clarity	95%	97%
Supervisory activity timeliness and instructiveness	95%	100%
Excess reporting identification and timeliness	100%	92.3%

## **II. Audit Results**

### **A. Background**

NCCSIF seeks a comprehensive audit of its workers' compensation claims currently administered by York to ensure effective claims administration and adherence to California workers' compensation statutory guidelines.

FCS reviewed 125 claims remotely via access to the York Claims Connect information system.

York provided a list of all open and closed claims in Excel format. FCS chose the audit sample from that list.

An exit discussion of audit findings was conducted with York staff on April 2, 2019. York issued written responses to those findings on April 5, 2019. Those responses were considered when preparing this report.

FCS thanks York for its complete cooperation during this audit process.

### **B. Claims Handling Analysis**

This section of the report discusses specific elements of workers' compensation claims handling. Recommendations for improvement are incorporated into the discussion of each element.

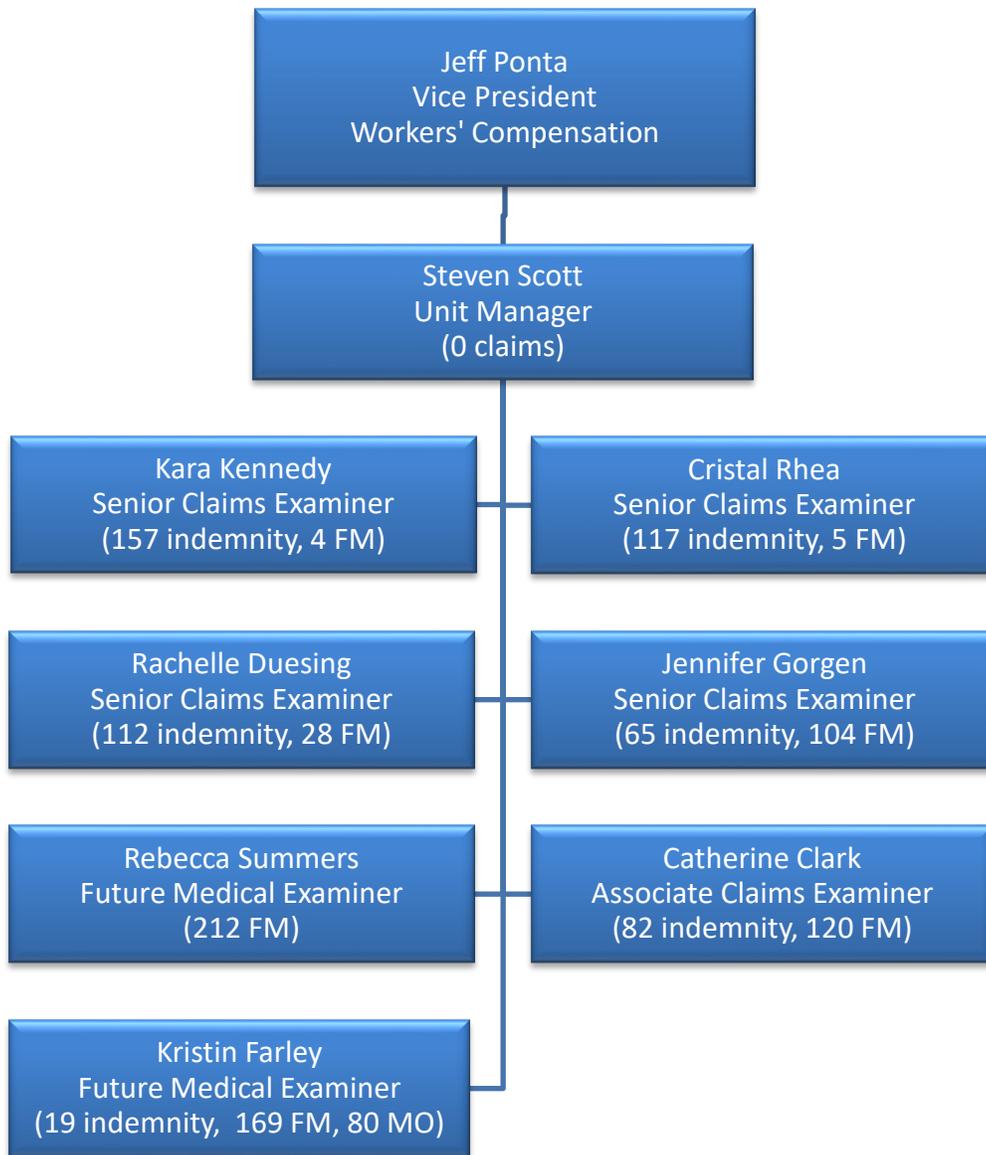
#### **1. Staffing/Caseloads**

York is adequately staffed to administer NCCSIF claims. Exhibit 2 displays the current organizational structure of York claims handling staff assigned to the NCCSIF account.

Total open caseloads are listed below the name.

Exhibit 2 reflects that all of the examiners have caseloads below the recommended maximum of 175 for indemnity and 300 for future medical/medical only.

**Exhibit 2 - Claims Handling Personnel/Caseloads Analysis, York**



## 2. Accuracy of Case Reserves

NCCSIF claim reserves should anticipate the ultimate probable cost and should be based on:

- Information contained in Form 5020 (Employer's Report of Occupational Injury or Illness)
- Information contained in Form 5021 (Physician's First Report of Injury or Illness)
- Anticipated temporary disability (TD) benefits
- Anticipated medical costs
- Employee's wage information
- Anticipated vocational rehabilitation (VR)/Supplemental Job Displacement Benefits (SJDB)
- Anticipated permanent disability (PD) benefits
- Consideration of *Labor Code* 4850 benefits
- Life expectancy and average annual medical costs for future medical claims

York is considering these and other factors and is accurately establishing reserves on most claims. Two claims requiring adjustment are discussed in Exhibit 3.

## 3. Payments/Benefit Calculation Accuracy

The audit evaluated the following key elements of claim payments activity:

- The accuracy of York's calculation of permanent disability and temporary disability rates.
- The timeliness of the distribution of temporary disability and permanent disability payments.
- Confirmation that payments and settlements did not exceed the individual examiner's or York's settlement authority levels.
- The identification and timely payment of penalties.
- The identification and accurate application of vocational rehabilitation voucher/payment benefits.

York is accurately calculating temporary disability and permanent disability benefit rates. FCS re-rated 15 of the indemnity claims. York's calculations are accurate on all 15 re-rated claims.

**Exhibit 3 – Reserve Analysis, NCCSIF**

<b>Claim No.</b>	<b>Current Outstanding Reserve</b>	<b>Recommended Outstanding Reserve*</b>	<b>Comments</b>
NCWA-556435	\$64,587 (PD)	\$35,000 (PD)	Claim activity notes indicate this claim has settled for a 33% stipulated award (roughly \$44,000). \$9,943 has already been advanced.
NCWA-558175	\$12,000 (Labor Code 4850)	\$0 (Labor Code 4850)	The claim was still open at the time of this review. The employee was medically discharged on 2/21/19. York indicated the claim was eventually closed after the date FCS reviewed the claim.

\* Reserve recommendations are based on the review of files for similar municipal pooling entities in California.

#### 4. Quality of Investigation

Proper investigation for NCCSIF workers' compensation claims includes:

- Making prompt contact with the injured employee, the treating physician, and the employee's direct supervisor (3-point contact).
- Verifying the injury is work related.
- Researching injury history (indexing) to determine potential for apportionment.
- Canvassing for possible witnesses to the industrial accident.
- Obtaining recorded or written statements regarding the incident from injured employees or witnesses when possible.
- Follow-up contact with medical providers to gain a clear understanding of the severity of the injury and the anticipated duration of disability.
- Obtaining accurate, wage information from the employer.
- Obtaining police accident reports when the industrial injury is the result of a traffic accident.
- Obtaining updated wage information to accurately calculate benefits.
- Identifying claims with rehabilitation potential and effectively monitoring rehabilitation progress.
- Identifying employees who are subject to Medicare Set Aside (MMSEA) processing.
- Identification and aggressive pursuit of other parties responsible for the injury (subrogation).

York is conducting thorough investigation on NCCSIF claims, but initial contact of the employee is late or absent on four claims. Those claims are:

- NCWA-558044-claim received 9/20/18; first contact 9/27/19
- NCWA-558098-claim received 11/15/18; first contact 11/28/19
- NCWA-558129-claim received 12/12/18; first contact 12/19/18
- NCWA-558154-claim received 1/4/19; first contact 1/9/19

Claim number NCWA-558037 is currently listed as medical only. The claim has been open for roughly 8 months. The employee was medically discharged and then renewed physical therapy treatments. Due to the length of time the claim has been open, York should consider converting it to an indemnity claim.

#### 5. Subrogation

Six of the claims reviewed involve situations where the NCCSIF member may recover funds expended for benefits from another responsible party. York pursued the responsible party aggressively in all instances. No subrogation deficiencies are identified.

## 6. Cost Containment

Thorough scrutiny of all medical bills to identify charges not in compliance with California's fee schedule and charges or treatments that are not work related is a vital element of a fiscally responsible workers' compensation program. A complacent cost containment policy can result in thousands of dollars in unnecessary payments on a single claim. Multiplied by a substantial claim volume, this faulty policy can change a cost-effective program into a matter of great fiscal concern.

Bill review activity is performed by WellComp, a York affiliate. The table below documents the results of WellComp's fee schedule compliance efforts. NCCSIF's annual 65% net savings is comparable to the 62% net savings experienced by similar entities.

### NCCSIF Fee Schedule Savings – WellComp Calendar Year 2018

A	Number of bills processed	7,703
B	Original amount billed	\$6,037,034
C	Amount paid	\$2,026,198
D	Gross savings (B) – (C)	\$4,010,836
E	Cost saving fees	\$88,395
F	Net savings (D) – (E)	\$3,922,441 or 65% of original amount billed (B)

## 7. Return-to-Work Policy

Any success in implementing a return-to-work program relies significantly on the individual member's ability to accommodate work restrictions.

Claim administration material consistently documents York's attempt to communicate work restrictions to the member site representative. The material also consistently document job analyses instrumental in assisting in the evaluation of the injured employee's ability to perform specific tasks. These positive results have been apparent in past audits as well.

## 8. Medical Management

York is complying with industry standards for medical management. WellComp also facilitates this cost mitigating service. Medical management review confirms the following:

- Outside nurse case management vendors were utilized at appropriate times. The fees charged by these vendors are similar to fees for nurse case management vendors for similar programs.
- The timeliness of payments/objections to medical bills is evident in all of the claims where medical bill processing is an issue.
- Utilization Review is evident when necessary.

## 9. Litigation Management

This category seeks to verify:

- That defense attorneys and the employee's attorney are responded to timely.
- That defense counsel fees are within industry averages.
- That claim examiners are performing routine activities and not assigning defense counsel to perform tasks that the examiner should be performing.

Sixty-two of the 100 indemnity claims reviewed involve some degree of litigation. This is not necessarily the actual litigation rate for NCCSIF. FCS focused on high-value claims that routinely involve litigation. Other California municipalities experience an overall litigation rate of between 35% and 40%.

York is effectively managing litigation on the claims reviewed. This is based on the following key findings:

- Referrals to defense counsel are timely in all instances. NCCSIF is bound by statutory requirements for filing answers to applications for adjudication of claims. The referrals also clearly set forth the facts of the claim and communicate the expectation of counsel. These expectations include submission of a proposed budget and plan of action.
- Communication between the York examiner and the assigned defense counsel is timely and thorough.
- Litigation expense rates are within the industry average for the handling of public entity claims.

The audit identified no litigation management deficiencies.

## 10. Diary/Case Closure

Active, unresolved claims require some adjusting activity every 45 days. Resolved claims for which the only remaining issue is the processing of medical benefits should be reviewed at least every 180 days. York is consistently complying with these standards. Still, 4 claims exhibit deficiencies. Exhibit 4 lists and discusses those claims.

## 11. Documentation and Risk Management Information System (RMIS) Clarity

All material reviewed for this project was accessed remotely using the York Claims Connect system. That system is efficiently recording routine claims administration activity such as reserve/payment data, daily examiner activity notes, medical documentation, and state-required form documentation on most claims. Three claims exhibit deficiencies. Exhibit 5 discusses those claims.

## 12. Supervision

All claims reviewed exhibit timely, instructive input from the York supervisor. No supervisory deficiencies are identified.

### **13. Excess Notification**

Thirteen of the claims reviewed meet excess reporting requirements. Claim number NCWA-557901 pertains to a firefighter who presents a claim for cancer. The employee has died. The claim is currently denied with a precautionary \$100,000 indemnity reserve. Despite its denied status, York should consider reporting the claim to the excess provider due to the fatality.

**Exhibit 4 – NCCSIF Diary Maintenance Analysis**

<b>Claim Number</b>	<b>Discussion</b>
NCWA-554687	There is no documented activity in the note screen between 11/8/13 and 1/16/19.
NCWA-557784	A PQME deemed the employee permanent and stationary (P&S) on 5/29/18. It is unclear why no attempt to settle with a stipulated award has been made. Activity notes indicate the City and York are attempting to settle the claim by compromise and release (C&R), but that activity is fairly recent.
NCWA-557828	Claim activity notes exhibit no activity between 3/28/18 and 2/8/19.
NCWA-557843	Claim activity notes exhibit no activity between 4/4/18 and 1/9/19.

**Exhibit 5 – NCCSIF Claim Documentation Analysis**

<b>Claim No.</b>	<b>Comments</b>
NCWA-374501	There are two active claims for this employee. The discussion pertaining to settlement and the outstanding reserves on each claim do not match. It appears notes for one claim pertain to the other claim. In one instance a note stating, "Indemnity no longer needed on this claim" appears. There is no explanation for this as the claim has a significant PD reserve and will likely be part of a global settlement of all claims for this employee.
NCWA-557248	There are multiple different PD ratings and amounts referred to in claim activity notes and claim management review (CMR) inputs.
NCWA-72566	The most recent case reserve worksheet was completed more than 2 years ago. An updated worksheet is due.

## **Appendix**

### **Audit Lists**

**Open Claims**

Claim No.
1. NCWA-343291
2. NCWA-359740
3. NCWA-374501
4. NCWA-529694
5. NCWA-529899
6. NCWA-554687
7. NCWA-555600
8. NCWA-556317
9. NCWA-556416
10. NCWA-556433
11. NCWA-556449
12. NCWA-556471
13. NCWA-556521
14. NCWA-556716
15. NCWA-556754
16. NCWA-556763
17. NCWA-556800
18. NCWA-556902
19. NCWA-556980
20. NCWA-557025
21. NCWA-557205
22. NCWA-557248
23. NCWA-557265

Claim No.
24. NCWA-557302
25. NCWA-557346
26. NCWA-557471
27. NCWA-557495
28. NCWA-557572
29. NCWA-557768
30. NCWA-557784
31. NCWA-557814
32. NCWA-557823
33. NCWA-557828
34. NCWA-557843
35. NCWA-557855
36. NCWA-557884
37. NCWA-557901
38. NCWA-557908
39. NCWA-557935
40. NCWA-557956
41. NCWA-558004
42. NCWA-558008
43. NCWA-558013
44. NCWA-558020
45. NCWA-558024
46. NCWA-558028

Claim No.
47. NCWA-558030
48. NCWA-558033
49. NCWA-558034
50. NCWA-558036
51. NCWA-558037
52. NCWA-558038
53. NCWA-558044
54. NCWA-558051
55. NCWA-558059
56. NCWA-558062
57. NCWA-558065
58. NCWA-558066
59. NCWA-558084
60. NCWA-558085
61. NCWA-558088
62. NCWA-558089
63. NCWA-558098
64. NCWA-558100
65. NCWA-558105
66. NCWA-558108
67. NCWA-558114
68. NCWA-558115
69. NCWA-558122

Claim No.
70. NCWA-558126
71. NCWA-558129
72. NCWA-558130
73. NCWA-558131
74. NCWA-558135
75. NCWA-558136
76. NCWA-558139
77. NCWA-558151
78. NCWA-558154
79. NCWA-558157
80. NCWA-558158
81. NCWA-558160
82. NCWA-558164
83. NCWA-558166
84. NCWA-558169
85. NCWA-558170
86. NCWA-558171
87. NCWA-558175
88. NCWA-558176
89. NCWA-558178
90. NCWA-72566

**Closed Indemnity Claims Files**

Claim No.
1. NCWA-157175
2. NCWA-556823
3. NCWA-557112
4. NCWA-557277

Claim No.
5. NCWA-557481
6. NCWA-557672
7. NCWA-557682
8. NCWA-557689

Claim No.
9. NCWA-557705
10. NCWA-557991

**Medical Only Claims Files**

Claim No.
1. NCWA-558054
2. NCWA-558078
3. NCWA-558091
4. NCWA-558094
5. NCWA-558133
6. NCWA-558140
7. NCWA-558141
8. NCWA-558142
9. NCWA-558149

Claim No.
10. NCWA-558153
11. NCWA-558159
12. NCWA-558162
13. NCWA-558163
14. NCWA-558165
15. NCWA-558167
16. NCWA-558168
17. NCWA-5581720
18. NCWA-558174

Claim No.
19. NCWA-558177
20. NCWA-558179
21. NCWA-558180
22. NCWA-558181
23. NCWA-558183
24. NCWA-558184
25. NCWA-558186



May 20, 2019

Liz Ehrenstrom, NCCSIF (via email)

Marcus Beverly, Alliant Insurance Services, Inc (via email)

Re: Response to Work Comp Audit Results for NCCSIF – Farley Consulting Services

Dear Ms. Ehrenstrom and Mr. Beverly:

This letter is in response to the Farley Consulting Services workers' compensation audit report dated April 8, 2019 for Northern California Cities Self-Insured Fund. We note the overall score of 97.7% and have reviewed the audit findings. A total of 125 files were reviewed and we are pleased to have scored at or above the target performance level in 8 out of the 9 categories. Please accept the following response to the audit as well as our plan on how we intend to meet all stated target performance levels in all categories.

There was only one category that did not meet the target performance level, Excess Reporting Identification and Timeliness. For that category, 13 total files were reviewed and 1 file did not meet excess reporting requirements (claim #NCWA-557901). The claim was and continues to be reported to excess however, the initial excess report was issued late. We have reviewed the findings and recommendations of the auditor and have discussed with the claims team the importance of timely and accurate reporting to excess. Through examiner and supervisor diary reviews, we will review the type of claim, claim coding, total incurred, paid to date, and SIR level to ensure timely initial and ongoing reporting to the excess carrier.

We will continue to strive to meet all stated performance levels on all files and we appreciate our partnership with NCCSIF. We are dedicated in our commitment to continue to provide excellent claims handling to the NCCSIF members.

Please let us know if you have any questions or need additional information.

Sincerely,

*Steven Scott*

Steven Scott  
Senior Manager Claims Workers' Compensation

cc: Jeff Ponta  
Bettina Hooper  
Dori Zumwalt



BACK TO AGENDA

Northern California Cities Self Insurance Fund  
Claims Committee Meeting  
May 30, 2019

**Agenda Item I.**

## **ROUND TABLE DISCUSSION**

### **INFORMATION ITEM**

**ISSUE:** The floor will be open to the Committee for discussion.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** None.

**BACKGROUND:** The item is to the Claims Committee members for any topics or ideas that members would like to address.

**ATTACHMENT(S):** None.