April 27, 2015

Contribution Task Force
Brief Recap of Task Force Journey to Date

Originally charged with determining validity of IRMA’s contribution structure in terms of equity

*Conclusion: Contribution structure is valid and equitable

*Action: Eliminate Permanent Deductible

*Finding: Workers’ Compensation is more predictable than Liability and it is also IRMA’s highest cost

*Prompted: Discussion of how to reduce workers’ compensation costs

*Approach: Accountability through enhanced awareness of costs and opportunities to reduce losses
ACTION ITEMS FROM FEBRUARY 17 MEETING

• Explore opportunities to introduce more accountability for workers’ compensation

• Develop a plan for members to increase deductible levels

• Provide data to show how actual losses have compared to predicted losses
GO TO MILLIMAN PRESENTATION
Proposed IRMA Workers’ Compensation Focus Program
Replace Watchlist Program

Staff proposes a new Workers’ Compensation Focus Program:
* Introduce Accountability

* Emphasize remedial measures and tailored member-specific training

* Goal is to reduce Workers’ Compensation Losses
Program Objectives

• Identify and assist members with an adverse workers’ compensation loss severity and/or frequency pattern

• Develop specific recommendations and resources based on best practices to reduce overall workers’ compensation losses

• Reduce member WC losses
Program Assignment Criteria

• Comparison of a member’s total incurred workers’ compensation severity and/or frequency versus a target for the previous five (5) year period

• The Determination of the “target”:
  – Retain Milliman to conduct analysis (attached proposal)
  – Develop target without actuarial data (e.g., 3 members with highest severity in past 5 years and 3 members with highest frequency in past 5 years; identify a % of budget that is acceptable for worker’s compensation and members above that percent will be enrolled in the Program

• Member Relations Committee (MRC) would monitor the Program
WC Focus Program Requirements

**Action Items**

- WC Focus Program members will:
  - review each department’s WC losses over the previous five (5) year period with IRMA detailed loss reports
  - Identify adverse loss frequency/severity patterns and trends by department
  - Conduct root cause analysis to assist in development of remedial measures
  - Develop plan of action
WC Focus Program Requirements

Action Plans May Include:

• Mandatory use of transitional work assignments
• Monthly safety committee meetings
• Member-wide accident review board (ARB)
• Behavior observation program to identify and reduce at-risk behaviors/develop training needs
• Job Safety Analysis (JSA) program review with additional JSA development as needed
• Safety Incentive Programs
• Comprehensive materials handling training to reduce the frequency/severity of back and shoulder injuries
Action Plans May Include:

- Focused slip/trip/fall training to reduce injuries
- Assign non-participating “Safety Officer” with authority to stop the program, to all tactical training programs
- Conduct frequent facility safety inspections with recommendations tracked to completion
- Consequences enforced for violations of safety policies, JSAs, SOPs, SOGs
- Review of all safety training activities to ensure all workplace hazards are addressed
- Quarterly tracking of risk management activities
WC Focus Program Results

• Program length of 2-5 years based on needs & progress

• If losses are reduced, staff recommendation to MRC for removal from WC Focus Program

• If loss trends do not improve, MRC would consider implementation of a higher deductible and/or a reduction of interest income credit
High Deductibles for High Performing Members

Higher Deductibles encourage more accountability

Staff intends to proactively assist high performing members to move to higher deductibles

* Optional Deductible Credits provide opportunity for sustained savings to members
* Reduction of financial risk can be achieved through IRMA reserve fund
* Municipal budget environment of annual operating budgets is inconsistent with long-term pooling philosophy
* IRMA reserve fund and higher deductible options are components of long-term pooling philosophy
ACTIONS ITEMS

- Approve Workers’ Compensation Focus Program
  - Determine “target”

- Approve Staff’s proactive approach to assist high performing members to move to higher deductibles
NEXT STEPS

- Presentation of Task Force study and action items at Administrative and Finance Committee Meeting and invite all members to attend the discussion

- Presentation at June Board Meeting

- Additional Analysis by Task Force?