

**April 27, 2015**

**Contribution Task Force**



# Brief Recap of Task Force Journey to Date

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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

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- 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

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# Proposed IRMA Workers' Compensation Focus Program



# Replace Watchlist Program

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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

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- 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

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- 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

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## 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

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## 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

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# WC Focus Program Requirements

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## 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

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# WC Focus Program Results

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- 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

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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



# ACTION ITEMS

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- Approve Workers' Compensation Focus Program
  - Determine "target"
  
- Approve Staff's proactive approach to assist high performing members to move to higher deductibles



# NEXT STEPS

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- 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?

