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DEPARTMENT OF
PERSONNEL

CITY OF SACRAMENTO
CALIFORNIA

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ROOM 210
SACRAMENTO, CA
95814-2693

PERSONNEL MANAGEMENT
SERVICES DIVISION

February 13, 1990

916-449-5726

Budget and Finance Committee
Sacramento, California

DONNA L. GILES
DIRECTOR OF
PERSONNEL

Honorable Members in Session:

SUBJECT: REQUEST FOR ADDITIONAL PERSONNEL AND COMPUTER PROGRAM SUPPORT
IN THE OCCUPATIONAL HEALTH, SAFETY & RETIREMENT DIVISION OF THE
DEPARTMENT OF PERSONNEL

SUMMARY

This report recommends the addition of eight full-time positions to the Occupational Health, Safety & Retirement Division in order to meet the requirements mandated by the Workers Compensation Reform Act of 1989. This act was signed into law by the Governor in September 1989 and became effective January 1, 1990. Additional staffing requirements are one Vocational Rehabilitation Coordinator, one Workers' Compensation Claims Representative I, three Workers' Compensation Claims Representative Trainees, one Office Supervisor and two Typist Clerk II's. This report also recommends funding for a fully integrated computer system to assist in the management of the City's workers' compensation program and a .5 FTE Departmental Data Analyst to monitor the system.

BACKGROUND

Existing Staffing

The Occupational Health, Safety & Retirement Division Workers' Compensation Unit staff currently include:

- 1 Workers' Compensation Administrator
- 3 Workers' Compensation Claims Representative I's
- 1 Workers' Compensation Claims Representative Trainee
- 4 Typist Clerk III's

Collectively this staff currently handles approximately 1600 open workers' compensation claims. The Division also contains a Safety Unit which is geared towards employee safety and accident prevention. Further enhancement of City safety programs would have a significant impact on the reduction of the number of open claims.

Existing Workload

The Workers' Compensation Unit is responsible for the management of approximately 1600 open workers' compensation claims, currently reserved at \$13,000,000. According to actuarial studies these claims also carry an incurred but not reported liability of \$11,100,000. The specific staff duties and current as well as proposed structure of the Workers' Compensation Unit are outlined at Attachment A.

The Workers' Compensation Unit has been grossly under staffed for the past three years. The average case load for each Workers' Compensation Claims Representative has exceeded 350 open claims while the industry standard in the state has been 250 claims. Using this guideline, the Unit has an immediate need for two additional Workers' Compensation Claims Representatives and two Typist Clerk II's to adequately manage the current caseload under the existing laws. The City has been most fortunate in acquiring exceptionally qualified staff, but they are stretched too thin. They are dedicated to providing quality service to our injured employees while at the same time protecting the interests of the City.

Need for Additional Staff

With the passage of the Workers Compensation Reform Act of 1989, it is impossible for the City to self-administer our workers' compensation program with the current level of staffing. A brief summary of the Workers' Compensation Reform Act and its impact upon the City of Sacramento follows this report at Attachment B. Mark Ashcraft, Manager of Self-Insurance Plans has warned self-insured employers, third party administrators and insurance companies that a case load of 150 open indemnity claims is the maximum number possible for an adjustor to handle and be able to comply with the deadlines mandated by the new law.

The new law adds numerous new penalties that are assessed if certain deadlines are not adhered to in the processing of claims. A claim form must be given to the injured employee within twenty-four hours of the report of injury. At the time that the first disability check is sent to the injured employee, the employer must also advise on what exact day of the week all subsequent checks will be sent. One of eighteen benefit notices must be sent out during various points in the course of the claim. Within fourteen days of notice of the injury, the employer must advise the employee that the claim has been accepted, delayed or denied. If the claim is not denied within ninety days, it is presumed to be compensable. Within five days of the employee becoming permanent and stationary, the employer must serve notice of the procedures for evaluating permanent disability and the need for future medical care.

The employer has thirty days after receipt of a permanent disability rating from the Office of Benefit Determination to request reconsideration of the findings. In those cases where the employee is represented, parties must agree

to an Agreed Medical Examiner AME within ten days. When an AME is used, each party must serve the other with documentation at least twenty days before it is sent to the AME. The opposing party has ten days to object to the submission of the documents.

Within ten days of receiving a doctor's report indicating that an employee is medically eligible for vocational rehabilitation, the employer must notify the employee of his eligibility for such services. Within ninety days of determination of vocational rehabilitation feasibility, the employer must submit a plan or request the Office of Benefits Determination resolve any dispute that may exist. If the Office of Benefits Determination notifies the employer of the need for vocational rehabilitation services, that employer has twenty days to provide it. If the employee has not requested vocational rehabilitation within ninety days but is eligible, the employer must send a reminder notice at forty-five days and seventy days after the employee is given his first notice of eligibility.

These are just a few of the deadlines imposed by the new law. Failure to comply with these deadlines will result in automatic penalties. For a listing of some of the penalties see Attachment C.

In order to comply with the above deadlines and avoid the associated penalties, we need seven additional staff in the Workers' Compensation Unit. New claims must now be established within one working day, new and/or active claims must be reviewed at least every ten days for the first three months, and every fourteen days prior to an injured worker's return to work. All other open claims must be monitored on not less than a thirty day diary. All mail must be read by the claims representative on the date it is received, so that it can be assigned a priority level.

The need for additional staff is critical and immediate. A minimum of five hours is required to establish a new claim file. A file review requires a minimum of two hours. If the case is actively litigated, has medical reports to read and approve, or requires special correspondence, a file review demands a minimum of four hours of staff time. With 1600 open claims, it is readily apparent that it is impossible to manage our claims without the incurring of extensive penalties. The case load per workers' compensation claims representative must be reduced to 200 claims in order for the City to comply with the requirements of the new law. Failure to reduce case loads will certainly result in extensive penalties and ultimately in the revocation of our Consent to Self-Insure by the State of California. Should we continue to operate with our current staffing level we estimate that we will incur penalties in the amount of \$200,000 during the 1990 calendar year.

Hidden Savings

Prior to October of 1986 it was the policy of the Workers' Compensation Claims Manager to refer every litigated claim to a defense attorney immediately upon receipt of an Application for Adjudication of Claim. That policy has been abolished and simple litigated claims are handled by the Unit staff. Complex litigated claims are referred to defense attorneys only when the issues become too complicated to remain in the Unit. These are claims that require depositions or trials before a Workers' Compensation Appeals Board Judge.

According to the State of California, the defense costs for an average litigated case is \$5000. During the past two years Unit staff have handled eighty-two litigated hearing loss cases. Two hearing loss cases have been referred to defense attorneys, they have not yet been finalized, and the defense costs on each of the cases currently exceed \$3000. Using \$3000 as an average cost for defending a litigated hearing loss claim, the City has realized a savings of \$246,000 by defending these claims in house. At the present time Unit staff are handling forty-two litigated Police Department claims without the assistance of a defense attorney. The savings realized by this effort amount to \$126,000 if we use the \$3000 average per claim.

Managing a litigated claim requires a great deal of additional time devoted to the file by an adjustor. Without the additional staffing requested above, we will be forced to again refer all of our litigated claims to outside defense attorneys. This will result in a significant increase in our reserves. With the additional staff, we will be able to handle a greater number of litigated claims in-house.

The addition of the Vocational Rehabilitation Coordinator will also result in significant hidden savings. The Reform Act has many new requirements regarding Vocational Rehabilitation. Under the new law, when aggregate total disability continues for ninety days, the employer immediately shall assign a Qualified Rehabilitation Representative (QRR) who shall: (1) meet with the employee and explain the employee's rights and obligations pertaining to vocational rehabilitation, (2) provide the employee's treating physician with a job description, developed jointly with the employee, and (3) assume medical management of the case until it is determined by the treating doctor that the employee is or is not entitled to vocational rehabilitation services. These tasks would be provided by an in-house Vocational Rehabilitation Coordinator.

Every year the City has in excess of thirty-five employees who require more than ninety days of lost time from work due to an industrial injury. Each one of these employees must now be referred to an "outside" rehabilitation counselor who has no knowledge of the City structure. Rehabilitation counselors charge \$70 per hour. It is estimated that the additional cost to the City will be \$2500 per injured worker for this initial monitoring process. This will total \$87,000 per year. This dollar figure represents approximately six months of forty hour per week work.

Need for Computer System

The growth of the City's program multiplied by the increasing complexity of the new workers' compensation law necessitates a computer system that is capable of producing the newly mandated benefit notices, making benefit payments according to the new rates and providing clear financial data on each claim file. Our current system is unable to provide the support necessary to manage the City's self-insured workers' compensation program.

A commercial claims management system would allow the benefits and management reports that the City's current system is incapable of providing. A commercial package would also offer support and upgrades as the requirements and benefits of the workers' compensation law continue to change and evolve. Such a system would also benefit the City's Department of Finance by segregating our salary continuation expenses from the actual indemnity expenses duplicatively expressed as reserves and payments on every lost time claim. This would have a positive effect on the actuarial analysis of the City's Risk Management Fund. Our actuary, Margaret Tiller has suggested a need for such a system, as have the past auditors for the workers' compensation program.

FINANCIAL

The proposed staff additions will require an increase in employee services, equipment, and supplies costs for the 1989-90 Occupational Health, Safety Retirement operating budget. The clerical positions are projected to be in effect April 1, 1990 and the Workers' Compensation Claims Representative and Vocational Rehabilitation Coordinator positions May 1, 1990. The estimated staffing costs for the remainder of this fiscal year are shown on the chart on Page 6.

The Workers' Compensation Unit currently has office space to minimumly accomodate the requested additional staff. Increased footage would be desirable for staff comfort, however our priority at this time is the timely processing of claims.

The cost of a fully integrated workers' compensation claims management computer program is estimated to be \$100,000. There are several systems on the market from which to select. A task force has been established to study the various programs available and to prepare a Request for Proposals should this request be approved.

It has been the experience of the Data Management Department that we will need a .5 FTE Departmental Data Analyst to monitor the system. The cost to the City for this position for one month of the 1989-90 fiscal year will be \$1,778 for salary and benefits plus an annual salary cost of \$21,000. This position would be assigned to the Data Management Department. The City's associated costs for hiring a consultant to program the interface of the new system with our financial and payroll systems is estimated to be \$20,000. We will also require gateway hardware for the systems to communicate which has an estimated cost of \$10,000.

ADDITIONAL STAFF COSTS

<u>POSITION</u>	<u>SALARY/ BENEFITS</u>	<u>FURNITURE/ EQUIPMENT/ SUPPLIES</u>	<u>TOTAL</u>
Office Supervisor	\$ 6,102 1,650	\$ 3,230 1,400 500	\$12,882
Typist Clerk II (2)	9,084 2,454	4,230 2,800 1,000	19,568
Workers' Compensation Claims Representative Trainee (3)	11,832 3,192	9,690 4,200 1,500	30,414
Workers' Compensation Claims Representative I	4,918 1,328	3,230 1,400 500	11,376
Vocational Rehabilitation Coordinator	6,000 1,620	1,000 1,400 500	10,520
Design Costs Facility Maintenance			8,236
GRAND TOTAL			\$92,996

This total represents an increase of 26.9% in the Workers' Compensation Unit's operating budget for the fiscal year 1989-90.

It is proposed that funds for the above positions, computer program, and .5 FTE Data Analyst, an estimated total of \$224,774 be transferred from the Risk Management Fund Contingency Reserve (421-710-7012-4999), which had a balance of \$2,371,000 as of January 4, 1990. Please note that the above figures represent one time expenditures for furniture and equipment. Attachment D outlines the on-going cost to the City for the additional eight and one-half positions requested.

It is anticipated that with the additional staff we will realize a case load reduction of approximately 200 claims by the end of the first year. If this

should occur, the number of staff assigned to the Unit will be reduced accordingly through attrition. Should we find that the number of staff requested is not sufficient to manage our open claims and comply with the new legislation, consideration will be given to further addition of personnel.

POLICY CONSIDERATIONS

The addition of the above staff significantly increases the cost of continuing to administer our program in-house. We have the option of looking at Third Party Administrators (TPA's) or purchasing insurance.

We have three choices with regard to managing our self-insured program. The first is to continue to maintain our self-administered program. The cost associated with this option is reflected in column (B) below. The second choice is to employ a TPA to handle only new claims and allow the current Unit staff to manage the existing claims. The cost of this option is outlined in column (A) below, with an additional cost of \$487,500 to be paid to the TPA for the first year of service. As the years pass and claims close, current staff would be reduced, and the fee paid to the TPA would increase. After five years all claims would be assigned to the TPA. Our third option is to hire a TPA to manage all claims. This first year cost of this option is outlined in column (C), with an additional charge of \$1,050,000 fee to be paid to the TPA.

<u>POSITION</u>	(A) <u>CURRENT STAFF</u>	(B) <u>PROPOSED STAFF</u>	(C) <u>3rd PARTY NEEDS</u>
W.C. Administrator	(1) \$ 60,000	(1) \$ 60,000	(1) \$ 60,000
W.C. Claims Rep.	(3) 150,000	(4) 200,000	(1) 50,000
W.C. Claims Rep. Trn.	(1) 40,000	(4) 160,000	(0)
Typist Clerk III	(4) 140,000	(4) 140,000	(1) 35,000
Typist Clerk II	(0)	(2) 60,000	(1) 30,000
Office Supervisor	(0)	(1) 40,000	(0)
Dept. Data Analyst		(.5) 1,400	
Services & Supplies	13,500	24,750	6,000
TOTAL	\$403,500	\$660,000	\$175,000

Third party administrators are now bidding accounts by charges per adjustor. An Adjustor can handle 150 indemnity claims. The costs associated with an adjustor, support staff, and overhead is \$150,000. Gary Archabald, Manager of Claims Management, provided this figure. It is the figure also utilized by Keenan Associates and Risk Management Services. The City has approximately 1400 indemnity claims which would require 9 1/3 adjustors, at an annual cost of \$1,400,000. Should we request 200 indemnity claims per adjustor, the cost would be \$1,050,000.

Two quotes for purchasing insurance were obtained. The first from State Compensation Insurance Fund, \$10,567,251 per year. The second from Zenith Insurance, \$11,132,929 per year. These quotes are for new claims occurring after the purchase of the policy. They do not cover the cost of managing our current 1600 open claims.

It is apparent that even with the additional staff requested, self-administration of our program is the most cost effective option.

It should also be noted that taking this money out of the Risk Management Fund may have a financial impact on other City Departments. This is money that could be used by General Fund Programs, returned to the General Fund by way of rebates.

MBE/WBE EFFORTS

No impact.

RECOMMENDATION

It is recommended that the Budget and Finance Committee forward with a recommendation for approval to the City Council the attached resolution to add 8.0 FTE to the budget of the Occupational Health, Safety & Retirement Division, .5 FTE to the Data Management Department and fund the request for a Workers' Compensation Computer Management System.

Respectfully submitted,



Margaret Ann Allen
Occupational Health, Safety & Retirement Manager

Recommendation Approved:

Approved:



Jack R. Crist
Deputy City Manager



for Donna L. Giles
Director of Personnel

Contact Person:
Margaret Ann Allen
449-5270

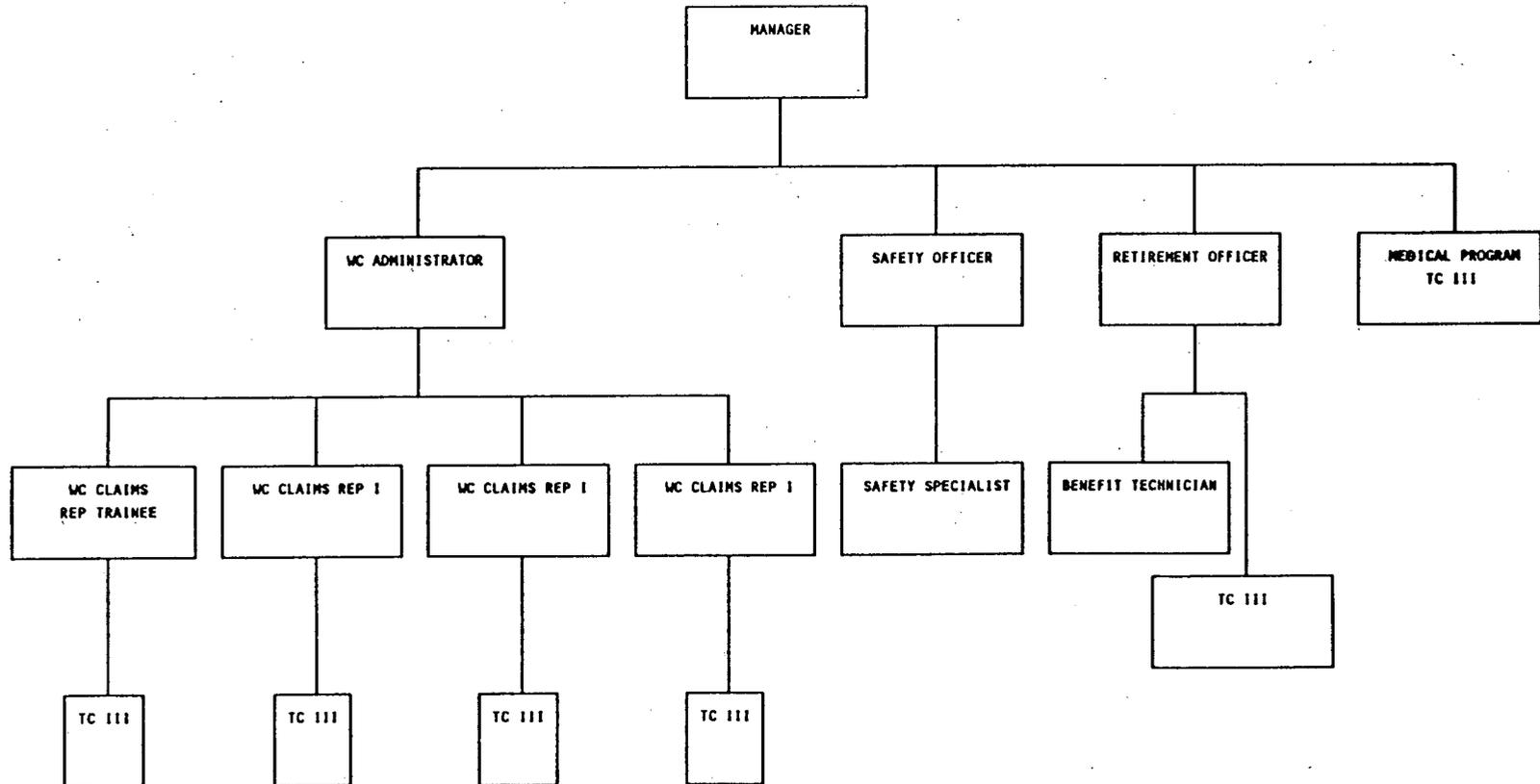
All Districts

DUTIES OF THE WORKERS' COMPENSATION UNIT

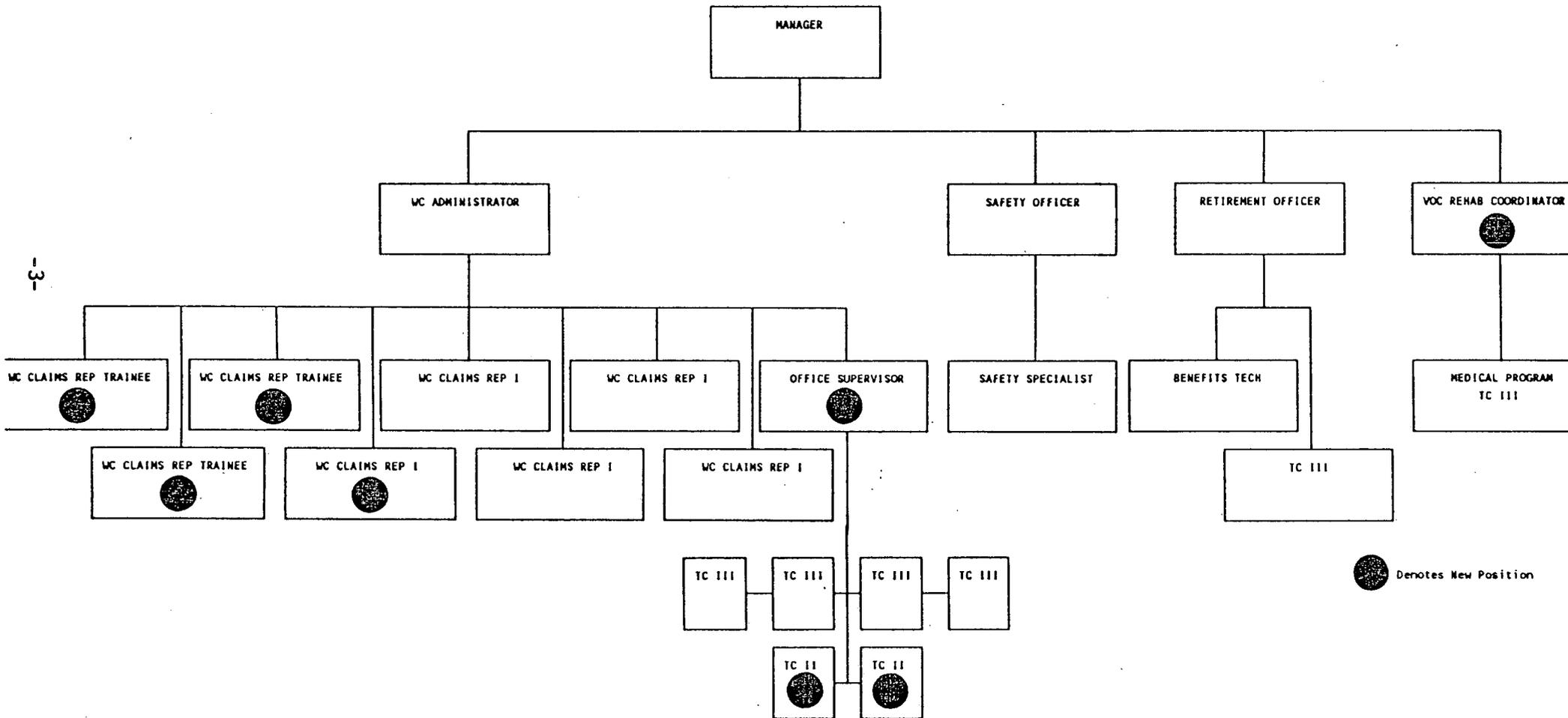
The following is a listing of the major duties currently performed by the staff of the Workers' Compensation Unit:

1. Review accident injury reports to determine proper action under workers' compensation laws and regulations.
2. Establish and maintain monetary reserves to cover the ultimate cost of each claim.
3. Communicate verbally and in writing with injured employees, departmental personnel, physicians, attorneys, investigators counselors, Workers' Compensation Appeals Board members, and other relevant parties.
4. Research records and background information to ensure the proper payment of benefits.
5. Pay benefits to injured employees, review and pay related medical bills, and review and pay expenses incurred to defend the City in contested claims.
6. Refer cases to rehabilitation counselors as appropriate and closely monitor development and completion of rehabilitation programs.
7. Submit non-litigated files to the Disability Evaluation Bureau to obtain Informal Permanent Disability Ratings as required by law prior to settlement.
8. File appropriate actions with the Workers' Compensation Appeals Board such as Answers, Declarations, Applications, Objections, Stipulations and Settlements.
9. Attend conferences and trials at the Workers' Compensation Appeals Board, Superior Court, and meetings with attorneys, doctors and other relevant parties regarding settlement of claims.
10. Settle litigated cases that do not require a defense attorney, and prepare Stipulations and Compromise and Release forms for submission to the Workers' Compensation Appeals Board.
11. Assign and direct the defense handling of litigated cases.
12. Review cases for subrogation potential and file third party actions if applicable; referring claims to City Attorney for defense.
13. Prepare quarterly reports for cases reserved over \$25,000.
14. Review established workers' compensation claims via a diary system for return to work dates, conferences, hearings, routine medical monitoring to ensure prompt action, closure and/or settlement.
15. Provide training to supervisors and employees regarding policies and benefits related to work injuries.

ORGANIZATIONAL CHART
OCCUPATIONAL HEALTH, SAFETY & RETIREMENT DIVISION
(CURRENT STRUCTURE)



ORGANIZATIONAL CHART
 OCCUPATIONAL HEALTH, SAFETY & RETIREMENT DIVISION
 (PROPOSED STRUCTURE)



● Denotes New Position

THE WORKERS' COMPENSATION REFORM ACT
OF 1989

The Margolin-Bill Green Workers' Compensation Reform Act of 1989 was signed into law by the Governor in September, 1989. It was the culmination of four years of effort by employers, the insurance industry, labor organizations, and a variety of special interest groups to increase benefit levels and improve their delivery to injured workers. Most elements of the bill will be effective on January 1, 1990, although some provisions will be delayed until January 1, 1991.

Increases in Benefits

Temporary Disability:

Increases the maximum weekly benefit for temporary disability from \$224 to:

\$266 for injuries occurring on and after 1/1/90.

\$336 effective 1/1/91.

There will be no automatic increase.

Increases the Vocational Rehabilitation Temporary Disability (VRTD) Maximum from \$224 to:

\$246 effective 1/1/90. Maintenance benefits can be supplemented with permanent disability payments at the request of the injured worker up to the temporary disability rate in effect at that time.

Permanent Partial Disability Benefits:

For those injuries which result in permanent partial disability of 25% or more, maximum weekly permanent disability will increase from \$140 to \$148 for injuries occurring on or after January 1, 1991 and then increasing the number of weeks of payments at that rate for those injuries occurring on or after January 1, 1992. In other words, while the rate of payment will not change in 1992, the sum ultimately paid out per percentage of disability will increase.

Increases Death Benefits for injuries occurring on and after 1/1/91 to:

\$95,000 from the current \$70,000 maximum (one surviving total dependant).

\$115,000 from \$95,000 currently (two or more surviving total dependents).

Death benefits will continue to be paid at the employee's weekly temporary total disability rate until the youngest child reaches age 18.

Burial allowance would increase to \$5,000.

There is a conclusive presumption of total dependency by a spouse whose annual earnings are less than \$30,000. If earnings are greater, the facts will dictate in the issue of dependency.

Other Cost Increases

The mileage rate for transportation expenses to medical examinations will increase from 21 cents per mile to 24 cents, on and after January 1, 1990, regardless of the date of injury.

An assessment of unknown amount will also be made against employers for administrative costs of the State Department of Workers' Compensation above the current General Fund base of \$56,057,000. Assessments against self-insured employers, which includes the County of Sacramento, will be based on payroll and the amount of indemnity benefits paid.

Medical/Legal and Vocational Rehabilitation Determinations

Effective January 1, 1990, the Reform Bill dramatically revises procedures for the resolution of medical disputes and determination of existence and extent of permanent disability. Procedures vary for legally represented and unrepresented employees but all are based on a system of qualified medical examiners (QME) and agreed medical examiners (AME). Unrepresented employees must choose a QME chosen from a randomly selected State-Provided Panel of three physicians. In cases where there is legal representation, the parties are encouraged to seek agreement on an AME. If no agreement can be reached, the parties can choose any QME to obtain a medical-legal evaluation.

Employees must now be provided with specific workers' compensation information within strict deadlines. A claim notice must be given to the injured employee within 24 hours of the report of injury to the immediate supervisor. One of eighteen benefit notices (DWC-500 A-N) must be sent out during various points in the course of the claim. Within 14 days of notice of the injury, the employer must advise the employee that the claim has been accepted, delayed pending further investigation, or denied. If the claim is not denied within 90 days, it is rebuttably presumed to be compensable. Within five days of the employee becoming permanent and stationary, the employer must serve notice of the procedures for evaluating permanent disability and the need for future medical care.

The employer has 30 days after receipt of a permanent disability rating from the Office of Benefit Determination to request reconsideration of the findings. In those cases where the employee is represented, parties must agree to an AME within 10 days, and that period may be expanded to 20 days by agreement of the parties. When an AME is used, each party must serve the other with documentation at least 20 days before it is sent to the AME. The opposing party has 10 days to object to the submission of the documents.

Within 10 days of receiving a doctor's report indicating that an employee is medically eligible for vocational rehabilitation, the employer must notify the employee of his eligibility for such services. Within 90 days of determination of vocational rehabilitation feasibility, the employer must submit a plan or request the Office of Benefits Determination resolve any dispute that may exist. If the Office of Benefits Determination notifies the employer of the need for vocational rehabilitation services, that employer has 20 days to provide it. If the employee has not requested vocational rehabilitation within 90 days but is eligible, the employer must send a reminder notice at 45 days and 70 days after the employee is given his first notice of eligibility.

At the time that the first disability check is sent to the injured employee, the employer must also advise on what exact day of the week all subsequent checks will be sent. The penalty for failure to do so and to adhere to the other administrative requirements are severe and potentially very costly.

Arbitration will be used to resolve disputes involving coverage and contribution questions effective January 1, 1990. In 1991, some permanent disability issues will be subject to such proceedings.

Stress

Actual events of employment must be responsible for at least 10% of the total causation of a psychiatric injury, rather than the current 1%. The employee's unfounded "perception" of injurious events is no longer a foundation for a claim of injury.

The impact of this provision is uncertain given the difficulty in objectively measuring the causes and degrees of psychiatric injury and disability.

Audits and Penalties

The newly created Office of Benefit Assistance and Enforcement (OBAE) has been given the authority to audit insurers, self-insured employers and third party administrators to make sure that injured workers "promptly and accurately receive all compensation benefits to which they are entitled." There is an automatic penalty of 10% of the amount delayed whenever the employer fails to make the first payment within 14 days or subsequent payments on the day previously specified. The penalty is automatic in that employers must pay it whether the employee litigates the issue or not. An audit process has been established and half of the audit subjects shall be selected at random and the other half of the audit subjects shall be on a priority schedule based on information obtained from the "Benefit Notice Program" through "Information and Assistance Services" and other factual information that indicates a subject is failing to meet its obligation under the law. After an audit, if OBAE determines that any compensation, interest, or penalty is due and unpaid to an employee or dependent, the insurer, self-insured employer, or third-party administrator shall be served with a "Notice of Assessment" detailing the amounts due and unpaid in each case, and order the amounts paid to the person entitled.

The Notice of Assessment shall become final and the assessment shall be paid unless contested within 15 days of receipt. Failure to comply with the "Notice of Assessment" within 15 days may subject the entity to an additional administrative penalty. If the amounts indicated in a Notice of Assessment are not paid within 30 days after service, and the time is not tolled during any appeal, because a subject contests the penalty, the "employer" shall also be liable for reasonable attorney's fees necessarily incurred by the employee or dependent to obtain the amounts due.

The OBAE also has the power to assess a civil penalty up to \$100,000 upon finding that an employer has knowingly committed certain infractions and has done so with a frequency that indicates a general business practice.

SUMMARY

The Workers' Compensation Reform Act significantly alters the substantive law compensable injuries. It creates affirmative obligations and action for the employer, severely expedites the trial process, provides for the use of mandatory arbitration, constrains the choice, control and use of second opinions, increases the payment of benefits incrementally over the next two years, significantly broadens the powers and discretion afforded the treating physician, imposes user funding on employers to support the system, and creates an enormous bureaucracy bestowed with unusual and potentially oppressive enforcement powers to the Division of Workers' Compensation in the State of California.

SCHEDULE OF ADMINISTRATIVE PENALTIES

1. A mandatory penalty of up to \$100 for each work-injury violation shall be assessed when there is:
 - a. Failure to make full payment of 10% automatic penalty within 90 days of due date when temporary disability or permanent disability is overdue.
 - b. Failure to provide permanent disability payments when due and/or within 14 days after temporary disability is terminated.
 - c. No date received or written stamp on claim form in the claim file.
 - d. Failure to respond to a request for medical care of injured worker within 30 days of the date of request.
 - e. Failure to provide, upon request, any transportation costs when due to injured worker for medical care.
 - f. Failure to pay maximum temporary disability without documentation for the payment of a lesser amount.
 - g. Failure to make temporary disability payments when due.
 - h. Failure to follow the Rules and Regulations established by the Administrative Director for the purpose of carrying out the workers compensation provisions of the Labor Code.
 - i. Failure to pay or object to all Medical-Legal expenses within 60 days of receipt of billing.
 - j. Failure to pay within ten days for any indemnity due.
2. A mandatory penalty of up to \$500 for each violation shall be assessed when there is:
 - a. Failure to maintain and provide a written claim log. The claim log shall contain all claims received, whether liability has been accepted, and distinguish between Indemnity and Medical-only claims.
 - b. Failure to comply with the Labor Code sections pertaining to Vocational Rehabilitation.
3. A mandatory penalty of up to \$1000 for each violation shall be assessed when there is:
 - a. Failure to pay or appeal penalties provided for in the Notice of Assessment within 15 days of the issue date.

- b. Failure to comply or appeal with any final order of the Workers' Compensation Appeals Board within 30 days of the issue date.
4. A mandatory penalty of up to \$5000 for each violation shall be assessed when there is:
- a. Failure to produce on a second request a hard copy of open claim files within 72 hours of written notice by Administrative Director or his representatives.
 - b. Denial of liability for a claim without supporting documentation of service on the injured worker or his/her agent.
 - c. Failure to comply or appeal any lawful written request of the Administrative Director regarding a claim filed within 30 days.
 - d. Failure by an insurer, a self-insurer or administrative agency, to provide a claim form within 24 hours upon request of an injured worker or his/her agent.

WORKERS' COMPENSATION UNIT
BASE BUDGET
(ESTIMATED)

*Denotes new position

Position Description	#	1989-90 Cost	#	1990-91 Cost
Workers' Compensation Administrator	1		1	
Salary/Benefits		\$ 54,463		\$ 57,329
Services/Supplies		2,000		2,000
Workers' Compensation Claims Representatives	3		3	
Salary/Benefits		\$124,406		\$130,954
Services/Supplies		4,500		4,500
* New Position	1		1	
Salary/Benefits		6,246		41,300
Services/Supplies		5,130		1,500
Vocational Rehabilitation Coordinator	1		1	
* New Position				
Salary/Benefits		\$ 7,620		\$ 50,292
Services/Supplies		2,900		1,500
Workers' Compensation Claims Representative Trainee	1		1	
Salary/Benefits		\$ 34,476		\$ 36,290
Services/Supplies		1,500		1,500
* New Positions	3		3	
Salary/Benefits		15,024		99,432
Services/Supplies		15,390		4,500
Typist Clerk III	4		4	
Salary/Benefits		\$119,231		\$125,506
Services/Supplies		4,800		4,800
Office Supervisor	1		1	
* New Position				
Salary/Benefits		\$ 7,752		\$ 38,731
Services/Supplies		5,130		1,500
Typist Clerk II	2		2	
* New Positions				
Salary/Benefits		\$ 11,538		\$ 50,904
Services/Supplies		8,030		2,000
<u>TOTALS:</u>				
Current Staff		\$345,376		\$362,879
New Staff		84,760		291,659
Design Costs		8,236		
Grand Total		\$438,372		\$654,538
% Increase in Base Budget		26.9%		80.4%

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION AMENDING THE OPERATING BUDGET OF THE OCCUPATIONAL
HEALTH, SAFETY AND RETIREMENT DIVISION OF THE PERSONNEL
DEPARTMENT, ADDING 8.5 POSITIONS, AMENDING THE
1989-90 CAPITAL IMPROVEMENT PROGRAM TO CREATE
A NEW PROJECT AND TRANSFERRING FUNDS**

Be it resolved by the Council of the City of Sacramento that:

1. The following positions are added to the Occupational Health, Safety and Retirement Division:

Occupational Health, Safety and Retirement (Organization 1540)

<u>Code</u>	<u>Employee Classification Title</u>	<u>FTE</u>
10019	Vocational Rehabilitation Coordinator	1.0
10066	Workers' Compensation Claims Rep I	1.0
10065	Workers' Compensation Claims Rep Trainee	3.0
05024	Office Supervisor	1.0
16095	Typist Clerk II	2.0

Add the following position to the Data Management Department:

16120	Departmental Data Analyst I	.5
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2. Funds in the amount of \$92,996 are transferred from the Risk Management Fund Contingency Reserve (421-710-7012-4999) to the Occupational Health, Safety and Retirement Division operating budget.

421-150-1540-4101	\$ 48,180
421-150-1540-4630	32,580
421-150-1540-4461	4,000
421-150-1540-4802	<u>8,236</u>
TOTAL	\$ 92,996

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3. Funds in the amount of \$1,778.00 are transferred from the Risk Management Fund Contingency to the Data Management Operating Budget as follows:

421-710-7012-4999	\$ (1,778)
101-710-7012-4999	1,778
101-710-7012-4999	(1,778)
101-130-1340-4101	1,778

4. The 1989-90 Capital Improvement Program budget is amended to create the new project "Workers' Compensation Claims Management Computer Program".

5. Funds in the amount of \$130,000 will be transferred to the new project from the Risk Management Fund Contingency Reserve (421-710-7012-4999).

6. The project budget will be as follows:

421-500-XXXX-4630	\$130,000
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7. A one year review regarding staffing adequacy will be made in June 1991. Should it be determined that the Workers' Compensation Unit is over staffed, staff reduction will take place through attrition. If it is determined that the Unit is understaffed, consideration will be given to increasing the staffing level of the Unit.

MAYOR

ATTEST:

CITY CLERK

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