

Senate Committee on Labor and Industrial Relations Local Factors, Statewide Impacts: A Discussion on the Dynamics Shaping Workers' Compensation in Los Angeles and the LA Basin.

County of Los Angeles Workers' Compensation Program Experience

Presented by:

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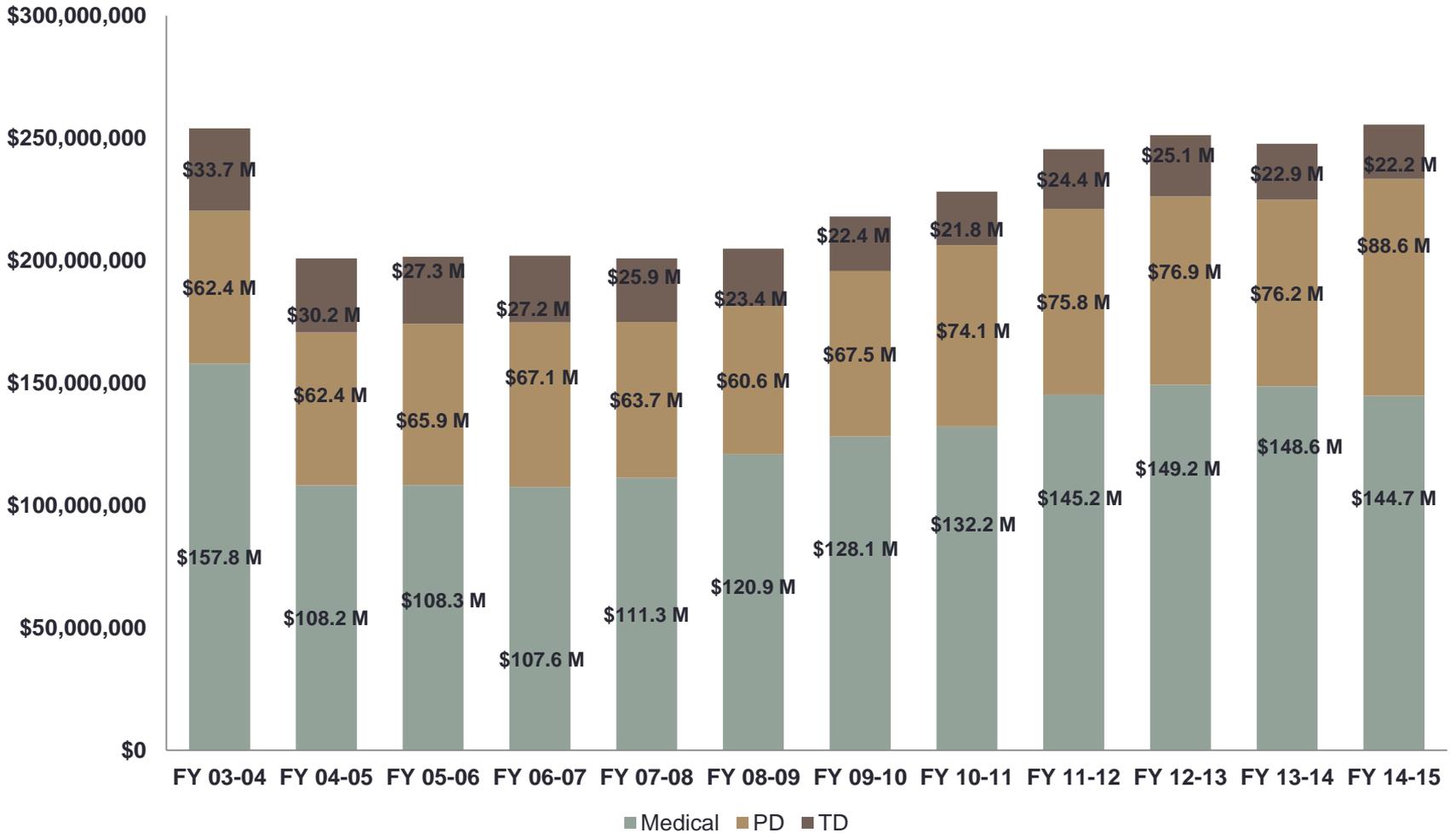
Alex Rossi, County of Los Angeles Chief Executive Office

December 2, 2015

County of Los Angeles Workers' Compensation Program

- County of Los Angeles Risk Management Structure:
 - Workers' Compensation, Liability, Disability Management, Loss Control, Occupational Health and Employee Assistance Programs
 - Self-Insured
 - Currently contract with 4-Third Party Administrators to administer the Workers' Compensation program.
- The County of Los Angeles employees approximately 100,000 workers performing a wide variety of job duties.
- The County of Los Angeles Workers' Compensation Program is the largest local agency program in the State of California.
- There are approximately 27,500 open workers' compensation claims with approximately 10,500 new claims reported annually.
- The County of Los Angeles workers' compensation injury frequency rate is approximately 10.5% (down from the rates experienced in the 1990s – 14 to 15%).
- The developed litigation rate is approximately 24% (down slightly from the 28% experienced in the early 2000s).
- In FY 14-15, the County of Los Angeles workers' compensation total costs were approximately \$427.7 M.
- ALAE and ULAE expense account for approximately 21% of the County of Los Angeles workers' compensation costs and totaled approximately \$90 M in FY 14/15 (a 51% increase from FY 2003-04).

County of Los Angeles Workers' Compensation Program Major Benefit Expenses



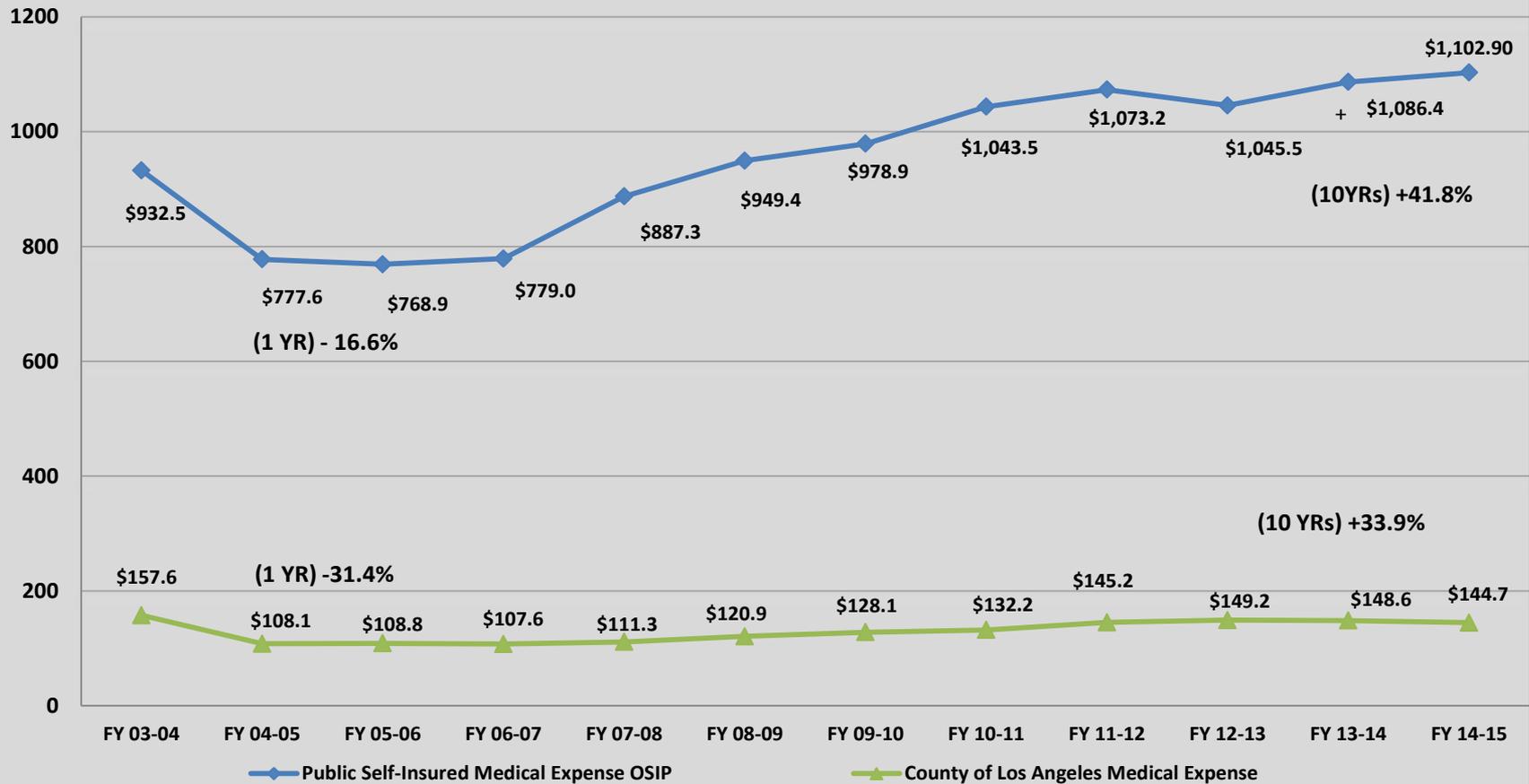
County of Los Angeles Workers' Compensation Program

Experience – Benefits (LC 4850 & Salary Continuation not included), ALAE, & ULAE

| Fiscal Year | Countywide WC | Change Since FY 2003-04 | Countywide WC (w/o Fire, Sheriff, Probation) | Change Since FY 2003-04 |
|-------------|---------------|-------------------------|--|-------------------------|
| FY 2003-04 | \$324,414,785 | | \$168,574,994 | |
| FY 2004-05 | \$272,735,278 | -15.93% | \$139,518,033 | -17.24% |
| FY 2005-06 | \$263,053,690 | -18.91% | \$132,486,878 | -21.41% |
| FY 2006-07 | \$279,991,751 | -13.69% | \$141,802,269 | -15.88% |
| FY 2007-08 | \$285,055,563 | -12.13% | \$143,220,497 | -15.04% |
| FY 2008-09 | \$288,377,294 | -11.11% | \$144,939,304 | -14.02% |
| FY 2009-10 | \$298,138,460 | -8.10% | \$144,888,937 | -14.05% |
| FY 2010-11 | \$314,062,280 | -3.19% | \$152,436,256 | -9.57% |
| FY 2011-12 | \$337,268,942 | 3.96% | \$157,828,677 | -6.37% |
| FY 2012-13 | \$346,214,074 | 6.72% | \$157,301,958 | -6.69% |
| FY 2013-14 | \$342,172,562 | 5.47% | \$153,002,344 | -9.24% |
| FY 2014-15 | \$359,347,677 | 10.77% | \$165,401,689 | -1.88% |

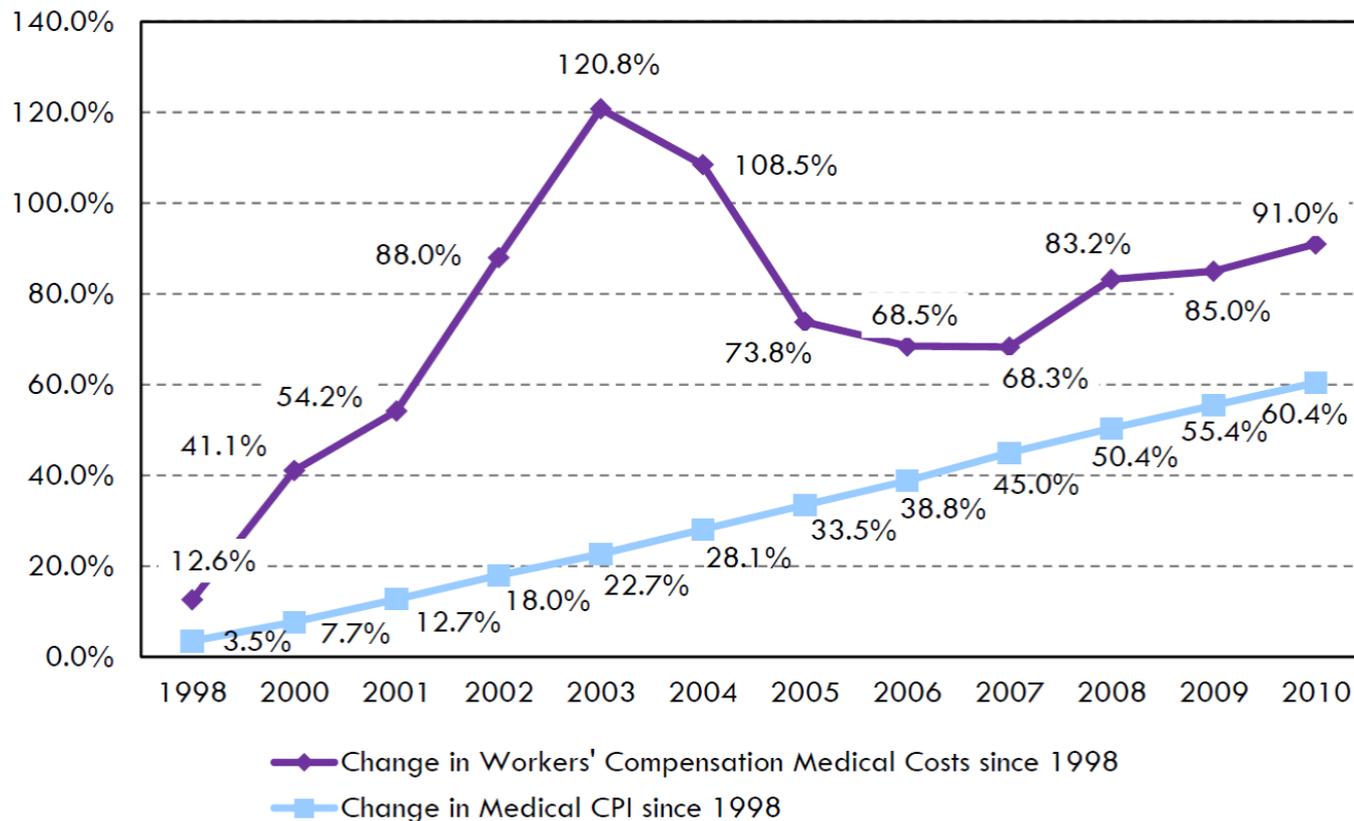
County of Los Angeles Workers' Compensation Program

Medical Payout Trend Public Self-Insured Employers
OSIP Annual Report Data (In Millions)



County of Los Angeles Workers' Compensation Program

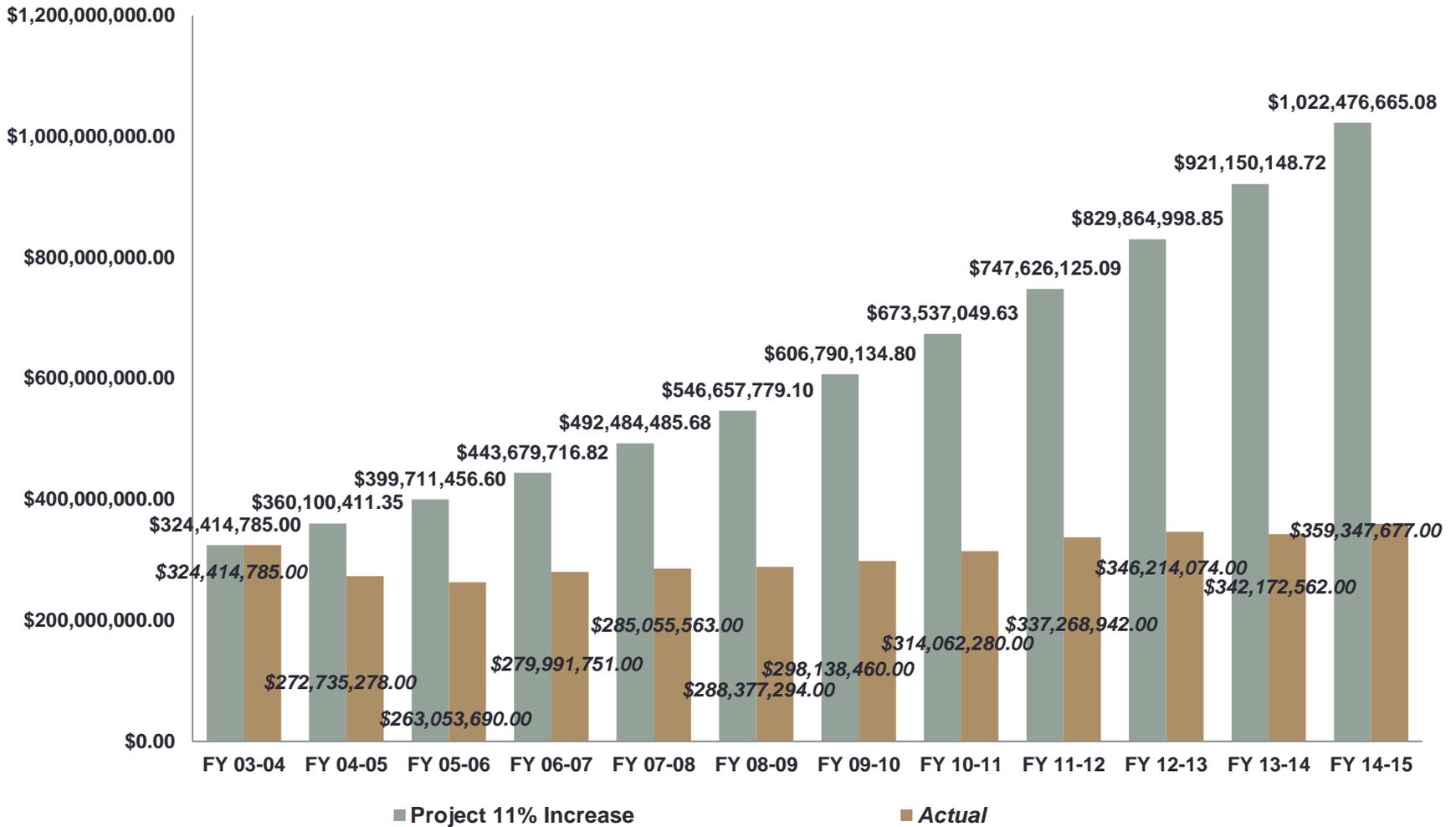
WORKERS' COMPENSATION MEDICAL EXPENSES VS. MEDICAL INFLATION SINCE 1998



SOURCE: Commission on Health and Safety and Workers' Compensation – Data Source: WCIRB; Bureau of Labor Statistics

County of Los Angeles Workers' Compensation Program

Projected 11% annual increase without SB 899 reforms vs Actual increase experienced



County of Los Angeles Workers' Compensation Program Goals & Challenges -

- Providing adequate indemnity benefits and effective medical treatment in an expedient and unencumbered manner
- System reliability and reproducibility
- Fiscal sustainability
- ***Impact of non-industrial co-morbidities***
- ***Profiteering in Workers' Compensation***

County of Los Angeles Workers' Compensation Program

California Workers' Compensation Fee Schedule

| NDC No | Label name | Price date (start) | Number of units | Unit price | Product |
|--|------------------------------|--------------------|-----------------|------------|-------------------|
| 65197000101 | DIBENZYLINE 10 MG CAPSULE | 5/19/2014 | 360, | 10.0696 | 3625.056 |
| Total of ingredients: | | | | | \$3,625.06 |
| Plus the Medi-Cal dispensing fee of \$7.25 | | | | | \$7.25 |
| Equals subtotal: | | | | | \$3,632.31 |
| Which is lower than the usual and customary price of: | | | | | \$37,000.00 |
| Therefore, the Payment price is the Medi-Cal price minus the \$0.00 reduction for a patient Not in a nursing home (No reduction for dates of service on and after 9/1/2004) : | | | | | <u>\$3,632.31</u> |
| Clear form | | | | | |

County of Los Angeles Workers' Compensation Program

California Workers' Compensation Pharmacy Fee Schedule

| NDC No | Label name | Price date (start) | Number of units | Unit price | Product |
|--|------------------------------|--------------------|-----------------|------------|---------------------------|
| 65197000101 | DIBENZYLINE 10 MG CAPSULE | 10/3/2014 | 360, | 87.1988 | 31391.568 |
| Total of ingredients: | | | | | \$31,391.57 |
| Plus the Medi-Cal dispensing fee of \$7.25 | | | | | \$7.25 |
| Equals subtotal: | | | | | \$31,398.82 |
| Which is lower than the usual and customary price of: | | | | | \$37,000.00 |
| Therefore, the Payment price is the Medi-Cal price minus the \$0.00 reduction for a patient Not in a nursing home (No reduction for dates of service on and after 9/1/2004) : | | | | | <u>\$31,398.82</u> |
| Clear form | | | | | |