

Enterprise Risk Management

Fiscal Year End Update

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Key Workers' Compensation Comparative Metrics Valued as of June 30, 2019

Fiscal Year Ending	Claim Count	Incurred	Paid	Average Paid Cost per Claim	Other Metrics		
					# of Litigated Claims	# of Open Claims	% Medical Only
06.30.2016	30	\$46,720	\$46,720	\$1,557	-0-	-0-	77%
06.30.2017	53	\$189,145	\$189,145	\$3,569	-0-	-0-	74%
06.30.2018	52	\$318,983	\$243,655	\$4,686	2	2	56%
06.30.2019	42	\$320,326	\$154,982	\$3,690	1	11	69%

- FY16 Represents 6 months of losses (January 1, 2016 – June 30, 2016)
- FY18 One litigated claim, still pending, represents >40% of the incurred total
- FY19 One serious incident, still pending, represents 45% of the incurred total and 50% of the paid amount

Workers' Compensation Reported Claim Frequency Metrics Valued as of June 30, 2019

Fiscal Year Ending	Claims (A)	Total Hours (B)	Frequency Rate [(A)*200,000] / (B)	BLS Benchmark **
06.30.2016*	30	756,192	7.9	6.1
06.30.2017	53	1,682,984	6.3	
06.30.2018	52	1,851,609	5.6	
06.30.2019	42	1,982,686	4.2	

* Fiscal year consisted of six (6) months.

** 2016 is the latest benchmark year from the Bureau of Labor Statistics (Local Government, Michigan; Trade, Transportation and Utilities; Water, Sewage and Other Systems).

24 x 7 Injury Nurse Triage Program Metrics

Period: July 1, 2018 – June 30, 2019

1. Total Call Volume & Mix Including Follow Up Calls:

			<u>Referred</u>	<u>Self Care</u>
ON TIME CALLS (within 24 hours)	42	79.2%	33.3%	66.7%
LATE CALLS (> 24 hours)	11	20.8%	90.9%	9.1%
Total # of Calls YTD:	53	100.0%		

2. Stay-At-Work Calculation

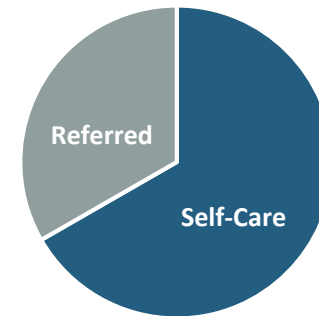
On Time Calls w/Self Care	28	
Late Calls w/Self Care	1	
Less: Follow Up Calls Ultimately Referred	(4)	
Total Stay at Work w/Self Care	25	(A)
Total # of Calls	53	
Self Referred Before Triage	(6)	
Adjusted Total # of Calls	47	(B)

Adjusted Stay-at-Work Rate: **53.2%** (A)/(B)

3. Estimated Savings:

Total Stay at Work w/Self Care	25
x Average Medical Only Cost (estimated)	\$516
= Estimated Medical Charges Avoided	\$12,900
+ Per Claim MO Charges Avoided x \$148 ea.	\$3,700
+ New claim set-up / Medical bill review fees avoided	\$769
= Total Estimated Cost Avoidance:	\$17,369
- Total Costs (sum of FY 18/19 invoices)	-\$4,190
= Net benefit of MEDCOR program (ROI ~ 315%)	\$13,179

Initial Call Outcomes

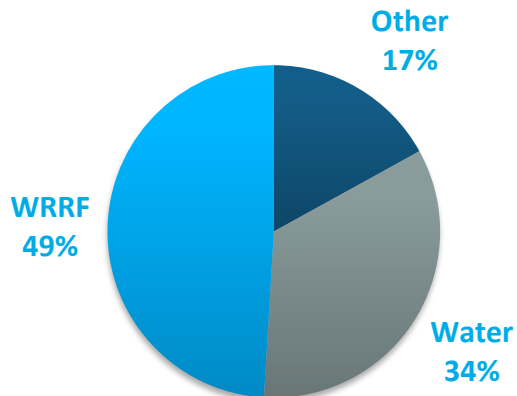


67% of all calls made to the MEDCOR nurse triage call center within 24 hours of an incident resulted in the team member initially electing self-care vs. a referral to a medical clinic.

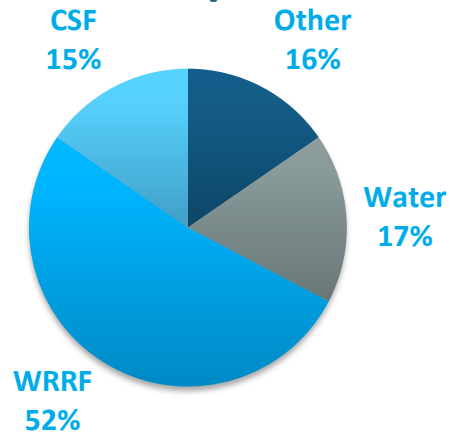
Workers' Compensation Claims by Service Area

By Fiscal Year as of June 30, 2019

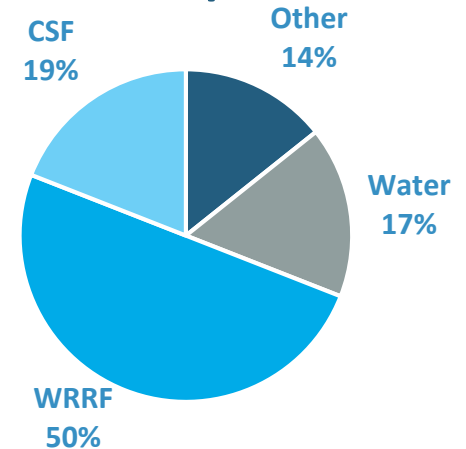
FY 16/17



FY 17/18



FY 18/19



All Litigated Workers' Compensation Claims

As of June 30, 2019

Litigated claims represents less than 2% of all reported claims since January 1, 2016 (3 of 177)

Date of Loss / Injury Description	Claim Status	Total Incurred	Total Paid	Expected Outcome
October 4, 2017 Right Rotator Cuff	Pending	\$131,440	\$57,903	"Take Nothing" re: additional wage loss following termination for cause
October 29, 2017 Motor Vehicle Accident – Alleged Lower Back	Closed	\$1,069	\$1,069	Claimant's <i>Application for Mediation</i> was withdrawn by WC Agency (failure to pursue)
October 4, 2018 Stress-Related Mental Disorder	Pending	\$20,100	\$10	"Take Nothing"

General Liability and Auto Liability Claims

As of June 30, 2019

Fiscal Year Ending	General Liability		Auto Liability	
	# of Claims	Total Paid	# of Claims	Total Paid
06.30.2016	1	\$405	1	\$1,000
06.30.2017	3	\$246,034*	3	\$2,649
06.30.2018	1	\$20	2	\$20
06.30.2019	1	\$-0-	1	\$1,000

* \$244,923 (99.6%) of the total is related to *Beasley vs. GLWA* matter

Total Cost of Risk (T.C.O.R.) Metrics

For the Fiscal Years Ending June 30

	FY 2016*	FY 2017	FY 2018	FY 2019
Total Costs**	\$2,493,741	\$3,227,574	\$3,115,908	\$3,430,251
% Change in Total Costs	-	-	-3.5%	+10.1%
Operating Revenues (rounded)	\$398,131,000 (audited)	\$817,385,000 (proforma)	\$811,895,000 (audited)	\$804,000,000 (estimated)
% Change in Operating Rev.	-	-	-6.7%	1.6%
T.C.O.R. (total costs per \$1,000 of revenues)	\$6.26	\$3.95	\$3.84	\$4.27
<u>Proforma 2017</u> Operating revenues (audited) \$857,557,000 Less: one-time bad debt recovery <u>(40,172,000)</u> Adjusted operating revenues \$817,385,000				

* Fiscal year ending June 30, 2016 was a six-month period.

** Sum of (a) premiums for all in-force insurance policies, (b) cost of losses that are retained, (c) contract for third-party administration, and (d) broker fees. Excludes Risk Management department cost center amounts.

Summary of Insurance Policies In Effect

As of June 30, 2019

Coverage	Policy Period	Insurer(s)	Limits	Retention	Premium
Public Officials/EPLI	12.10.18-12.10.19	Ace/XL/Ironshore	\$25,000,000	\$250,000	\$354,149
Fiduciary	12.10.18-12.10.19	Great American	\$5,000,000	\$1,000	\$6,400
Property	12.31.18-12.31.19	AXA-XL	\$750,000,000	\$1,000,000	\$1,787,274
Casualty (Auto, GL)	1.1.19-1.1.20	Argonaut	\$10,000,000	\$1,000,000	\$457,854
Casualty (Excess WC)	1.1.19-1.1.20	Arch	Statutory	\$1,250,000	\$205,886
Environmental – Primary	2.8.19-1.1.22	Steadfast	\$25,000,000	\$500,000	\$194,296
Environmental – Excess (Products only)	2.8.19-1.1.20	Ironshore Specialty	\$15,000,000	\$ -0-	\$103,064
Underground Storage Tanks	7.1.19-7.1.20	Crum & Forster	\$2,000,000	\$5,000	\$1,913
Aviation	3.1.19-3.1.20	Global Aerospace	\$5,000,000	5%	\$1,902
Cyber	4.1.19-4.1.20	Beazley Insurance	\$10,000,000	\$100,000	\$78,110
				TOTAL:	\$3,190,848