



PORT OF LOS ANGELES

Workers' Compensation Performance Audit

December 2019

Final Report

Submitted by

BCA Watson Rice LLP

Certified Public Accountants & Management Consultants
2355 Crenshaw Blvd. Suite 150 Torrance, CA 90501
PH 310.792.4640 FAX 310.792.4140



TABLE OF CONTENTS

Executive Summary.....	1
Introduction and Background.....	10
Objectives, Scope and Methodology..	11
Detailed Results.....	14
Finding No. 1	14
Finding No. 2	22
Finding No. 3	22
Finding No. 4.....	25
Limitations and Restrictions.....	27
Appendices.....	28
Claim Resolution Roundtable Agenda.....	I
Claim Resolution Roundtable Tracking Template.....	II
Proper Use of Loss Runs	III

ABBREVIATIONS

ADR	Alternative Dispute Resolution
AME	Agreed Medical Evaluator
BCAWR	BCA Watson Rice
C&M	Construction and Maintenance
IOD	Injured on Duty
QME	Qualified Medical Evaluator
RWP	Return to Work Program
RMD	Risk Management Division
MOU	Memorandum of Understanding
SLA	Service Level Agreement
WC	Workers' Compensation
WCAB	Workers' Compensation Appeals Board



EXECUTIVE SUMMARY

The California Workers' Compensation Act requires an employer to pay for medical treatment and partial wage replacement for an injured worker's work-related injury or illness while away from work and recovering. It is the employee's responsibility to file a workers' compensation (WC) claim on time, and includes reporting the injury to the employer within 30 days after the injury, filing the WC claim form (DWC-1) with the employer, and filing an application with the Workers' Compensation Appeals Board.

The Port of Los Angeles (the Port) is a proprietary department within the City of Los Angeles. The City of Los Angeles is self-insured for WC claims. Thus, the Port is responsible for paying WC costs from its proprietary budget. The Port Police (Port Pilots are included with Port Police in this study) and Construction and Maintenance (including the Hiring Hall) encompass 93% of the Port's Workers' Compensation claim costs.

The City of Los Angeles Personnel Department's Workers' Compensation Division administers all WC claims filed by Port employees. The Port's Risk Management Division (RMD) monitors and coordinates with the various Port Divisions and Personnel Department's WC Division. The Los Angeles City Attorney provides legal services to the Port. The Port's Human Resources Department contracts directly with the Concentra Occupational Clinic for screening and treatment of WC injuries, continuing care, and administration of first aid claims. Human Resources primarily works with disability accommodation after permanent (vs. temporary) work restrictions are established. The Payroll Department ensures that payments are allocated correctly.

Due partly to increasing WC claims and costs, the Harbor Commission Audit Committee requested a performance audit of the Port's WC functions. After a competitive procurement, the Port selected BCA Watson Rice LLP (BCAWR) to conduct this performance audit. This performance audit focused on the WC activities for the fiscal year 2015-2019 and evaluated the effectiveness of the Port's handling of WC claims processed during that time.

The primary objectives of this performance audit included:

1. Identifying the contributing factors behind the increase in WC claims.
2. Measuring the fluctuations in WC claims and costs over the last five years.
3. Proposing ways to mitigate the risk factors, reducing future WC claim costs, and
4. Providing comparative benchmarking data from other organizations.



To achieve these audit objectives, BCAWR requested, obtained and reviewed relevant documentation; interviewed key WC management and operations personnel; conducted detailed data analyses of available WC information, and conducted benchmarking of WC statistics with other ports in California and the Los Angeles World Airports (LAWA) and the Department of Water and Power (LADWP).

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit period was for the fiscal periods ending June 30, 2015 through June 30, 2019. We performed our audit procedures from June 10, 2019 through September 30, 2019.

Overall, we found that the Port's WC processes and functions could be improved. We have identified the following findings and recommendations to improve the overall administration and management of the Port's WC functions. These findings and recommendations summarized below are discussed in more detail in the body of this report.

Finding 1: Overall management of the Port's WC process can be improved to reduce the increase in WC claims and costs.

Timely and thorough administration of WC claims is critical to effective management and control over WC claims and costs. Our audit found that the increase in the Port's WC claims and costs during the last 5 years can be attributed to the following six (6) factors:

- 1) Limited formal investigations of WC claims with questions about compensability decisions or entitlement to additional benefits.
- 2) Reduced success in early and sustained return to work program for injured workers.
- 3) Delays in resolving litigated and non-litigated WC claims.
- 4) Lack of WC claims data such as loss run reports.
- 5) Ineffective communications between Port WC management and the City of LA WC Personnel Department.
- 6) Misclassification of first-aid claims as recordable WC claims.



Recommendation No. 1

For WC claim formal investigations, we recommend: 1) the City Attorney initiate an investigation of an employee injury or accident when there are suspected disputed facts about a WC claim, 2) Port WC management inquire with the City Personnel Claims Analysts on the reasons why a formal investigation is not being performed when they question a claimed injury or the need for continuing disability, 3) Department Supervisors document any questions or doubts regarding the WC claim on the Employers' Report of Occupations Injury or Illness (DIR form 5020), and 4) Port WC management require ongoing injury investigation supervisory training for new and current Port employees.

Recommendation No. 2

For the Port's WC early return to work program, we recommend: 1) the Port's RMD establish proactive Return to Work protocols based on abilities versus disabilities to assist Port Division management in better understanding work restrictions, 2) the Port Police expand the type and number of light duty and beyond desk assignments for injured police officers, 3) the Port Police develop a policy to specify employee responsibilities while on IOD, 4) Port WC management require Concentra staff and/or doctors to contact the respective Port Division to explore light duty work assignments prior to reinstating disability status, and 5) the Port's Divisions supply treating physicians with a job description list of the top 10 positions by injury.

Recommendation No. 3

For delays in resolving litigated and non-litigated WC claims, we recommend: 1) the Port's RMD moderate the WC Claims Resolution Roundtable meetings between the Divisions and City Attorney using a formal agenda and template to record assignments and due dates (*See Appendix I and II*), 2) RMD extend the WC Claims Resolution Roundtable meetings to include the Port Police, 3) the Port's RMD work with the City's Personnel Department to identify and prioritize WC claims that may be resolved within 6 months, 4) the City Attorney develop non-complex case criteria for Claims Analysts' to resolve, and 5) the City Attorney delegate routine tasks to support staff, such as a paralegal, to free up time for high priority WC claims.



Recommendation No. 4

For Port WC management to effectively use WC claims data such as loss run reports, we recommend that: 1) the Port's RMD obtain monthly reports from the City Personnel Department, such as a Loss Run report to improve monitoring of WC claims and costs, and 2) the Port's RMD be trained on how to best use such information, including Loss Run reports (See Appendix III).

Recommendation No. 5

For effective communications between Port WC management and the City of LA WC Personnel Department, we recommend: 1) that Port WC management request that a City Personnel WC liaison be appointed as the key contact person for Port WC management and Port RMD to call related to all WC claims questions.

Recommendation No. 6

For the misclassification of first-aid claims as recordable WC claims, we recommend: (1) Port WC management monitor specific first-aid claims in coordination with Concentra, and (2) begin quarterly stewardship meetings with Concentra to discuss service expectations and begin developing policies and procedures for Port line supervisors.

Finding 2: Port WC costs are increasing while new claims are stable.

Historical WC benefit payments have increased 24.5% over the last five fiscal years (2015-2019) as shown below:

Historical Workers Compensation Benefit Payments

Fiscal Year	Payments (000's)	Pct. Change	Comments
2018-2019	\$1,715	8.4%	Payments have increased 24.5% since FY2015.
2017-2018	1,582	- 5.9%	
2016-2017	1,681	0.9%	For more accurate year-to-year comparisons, payments shown do not include one-time settlement payments totaling \$367,250.
2015-2016	1,666	20.9%	
2014-2015	1,378	N/A	Base year comparison used so % change not applicable (N/A)



In April 2019 the City of Los Angeles hired Bickmore Actuarial to project future Harbor WC payments. Bickmore Actuarial projects fiscal year 2019-20 WC benefit payments to increase by 6.5%, to a high of \$1.827 million with similar WC benefit payments projected for fiscal year 2020-21.

New claims have not increased appreciably in the past four fiscal years, averaging approximately 71 new claims per year. Also, the audit found six recordable claims in 2018-2019 that should have been recorded as first-aid under the application of OSHA protocols. Thus, less these six first-aid errors, new recordable claims for 2018-2019 would have been 71 (8.5% of new claims) as a percentage of FTE's.

New Claims as a Percentage of FTE's

Fiscal Year	New Claims	Full Time Employees (FTE)	% Claims per FTE
2018-2019	77	889	8.7%
2017-2018	68	884	7.7%
2016-2017	61	883	6.9%
2015-2016	78	906	8.6%

Injured on Duty (IOD) wages paid and Average IOD payments measured against new claims shows an increase in the past fiscal year.

IOD Wages Paid per New Claim

Fiscal Year	IOD wages	New Claims	Avg. IOD Wages per New Claim	% Change
2018-2019	\$ 1,160,063	77	\$ 15,066	13.1%
2017-2018	905,518	68	13,316	-2.3%
2016-2017	831,316	61	13,628	18.9%
2015-2016	893,883	78	11,460	N/A

The increase in IOD wages paid as shown in the table above can be attributed to the decline in the effectiveness of the Port's Return to Work Program. An accurate assessment of the Port's Return to Work Program can be measured by comparing light duty hours to IOD hours.



As shown in the table below, the number of light duty assignments offered to injured workers declined significantly (73%) from FY 2016 to FY 2019, resulting in the increase in IOD wages as shown above.

Light Duty Hours vs. IOD Hours

Fiscal Year	Light Duty Hours	IOD Hours	Light Duty/IOD Ratio
2018-2019	2,372	26,975	8.8%
2017-2018	5,732	22,906	25.0%
2016-2017	7,091	21,324	33.3%
2015-2016	8,763	23,147	37.9%

Recommendation No. 7

To reduce the increase in WC claims and costs, please refer to Recommendation No. 2 above.

Finding 3: The Port's Average WC Cost Per \$100 of Payroll is Comparable to other Ports in California.

Benchmarking is a comparative process for understanding program performance and costs associated with WC recordable claims. As shown in the table below, the Port's average WC cost per \$100 of payroll is lower than Long Beach, higher than Oakland and close to San Diego. Oakland is in Northern California, where litigated rates are lower than Southern California according to published studies. The Port of Long Beach hired a Workers' Compensation specialist in 2019 to monitor increasing costs and make recommendations.

Three-Year Average Workers' Comp Benefits per Payroll Paid 2016-2018

Port of Los Angeles

Year	Staff	Total Payroll (\$000's)	Workers' Comp Benefits Paid (\$000's)	Avg. Cost per (\$100) of payroll
	891	\$ 92,500	\$ 1,765	\$1.91
2018	884	94,818	1,582	1.67
2017	883	92,438	2,048	2.22
2016	906	90,245	1,666	1.85



Port of Oakland

Year	Staff	Total Payroll (\$000's)	Workers' Comp Benefits Paid (\$000's)	Avg. Cost per (\$100) of payroll
	477	\$ 58,626	\$ 664	\$ 1.13
2018	460	61,326	648	1.06
2017	513	58,516	312	0.53
2016	459	56,036	876	1.56

Port of San Diego

Year	Staff	Total Payroll (\$000's)	Workers' Comp Benefits Paid (\$000's)	Avg. Cost per (\$100) of payroll
	556	\$ 51,133	\$ 1,058	\$ 2.07
2018	566	57,109	1,331	2.33
2017	558	48,586	1,118	2.30
2016	544	47,703	1,024	2.15

Port of Long Beach

Year	Staff	Total Payroll (\$000's)	Workers' Comp Benefits Paid (\$000's)	Avg. Cost per (\$100) of payroll
	569	\$ 57,033	\$ 1,765	\$ 3.09
2018	571	50,570	1,858	3.67
2017	589	61,891	1,485	2.40
2016	546	58,639	1,528	2.61

Finding 4: The Port's WC Performance When Compared to Other City of Los Angeles Proprietary Departments Show Mixed Results.

For FY19, the Port's WC performance was benchmarked against other City of Los Angeles Proprietary departments (Los Angeles World Airports and Department of Water and Power) for new claims per Full-Time Equivalent (FTE) and average WC benefits paid plus salary continuation. The results are shown in the tables below:



Percentage of WC New Claims per FTE

Fiscal Year 2018-2019	New Claims	FTE's	% Claims per FTE
Port of Los Angeles	77	889	8.7%
Los Angeles World Airports	408	3,892	10.5%
Department of Water & Power	605	11,265	5.4%

A lower percentage of claims per FTE reflects effective loss prevention. The low percentage of new claims per FTE for the LADWP is due to the LADWP's creation of the Occupational Health Services Office. This Office staffs six health professionals and includes a Medical Director and on-site Registered Nurse.

An Occupational Health Nurse promotes optimum safety and health in the work environment as well as providing direct care, health education and counseling to employees. For the Port, an Occupational Health Nurse would be a valuable resource to the RMD in program management by participating in Return to Work meetings and Litigated Claim Roundtable discussions. An Occupational Health Nurse could also provide expertise to clarify immediate issues that impact return to work, litigation strategy and claim resolution.

Concentra currently administers first aid for the Port. An on-site Occupational Health Nurse could determine if medical care should be provided by the Port or a private physician. An on-site Occupational Health Nurse can also administer first aid and address other minor injuries immediately such as applying bandages, compresses and splints.

WC Wages Paid per New Claim

Fiscal Year 2018-2019	IOD wages	New Claims	Avg. IOD per New Claim
Port of Los Angeles	\$ 1,160,063	77	\$ 15,066
Los Angeles World Airports	4,101,813	408	10,053
Department of Water & Power	5,057,547	605	8,360



The reasons for the lower average cost per new claim for the LADWP are due to the creation of the Occupational Health Services Office as discussed above and an effective early Return to Work program. The Los Angeles World Airports (LAWA) lower average cost per new claim is due to three factors: 1) a robust Return-to-Work program, 2) a staffing of a Registered Nurse, and 3) direct accountability of two dedicated Claims Analysts that report directly to LAWA's Risk Management Division.

A common advantage over the Port employed by LADWP and LAWA is use of medically trained resources to bridge the communication gap between employees, division supervisors, WC claims analysts, and physicians to translate injury residuals to re-employability. Due to the difference in number of employees and overall workers' compensation costs, it is not feasible for the Harbor to employ a Medical Director or multiple Occupational Health Nurses.

However, the benefits of having an on-site Occupational Health Nurse can result in WC cost savings. In a separate study, Home Depot reported 12% average claim cost savings (28% for medical costs) in the stores where a nurse case manager was involved in on the job injuries. The nurse's talent and skills drive benefits, including faster return to work at a lower cost. Nurse connections facilitate innovation and guide decisions that lead to better outcomes for injured workers and businesses.

Recommendation No. 8

To mitigate the risk factors and reduce costs through better team coordination, we recommend that Port management consider adding an Occupational Health Nurse to interface with the injured employee, doctor, and supervisor.



INTRODUCTION AND BACKGROUND

The Port of Los Angeles (the Port), also called America's Port and Los Angeles Harbor, is a port complex that occupies 7,500 acres of land and water along 43 miles of waterfront and adjoins the separate Port of Long Beach. The Port is located in San Pedro Bay in the San Pedro and Wilmington neighborhoods of Los Angeles, approximately 20 miles south of downtown. The Port supports employment for 517,000 people throughout the LA County Region and 1.6 million people worldwide. Approximately 20% of all cargo coming into the United States passes through the San Pedro Bay ports.

Workers Compensation is a mandatory program required by California law to provide benefits for workers injured on the job, including:

Medical Care: expenses for hospitals, doctors, drugs, therapy and equipment.

Temporary Disability: wage loss replacement.

Permanent Disability: long-term benefit to compensate for permanent residuals.

Supplemental Job Displacement: Vouchers for retraining/skill enhancement if eligible.

Death Benefits: for dependents of workers who died due to injury or illness on the job.

State law provides for wage loss benefits based on a percentage of salary for temporary total disability caused by a work-related injury. Sometimes called State Rate, this benefit is payable only during recovery. The City, however, provides full salary continuation, usually called "Injured on Duty" pay or IOD, in lieu of the State Rate for up to 261 working days. These 261 days can be consecutive, or they can be used a few days at a time over a longer period. IOD is paid as departmental salary account; when the position is vacant, it may not be backfilled.

It is the employee's responsibility to file a WC claim on time, and includes reporting the injury to the employer within 30 days after the injury, filing the actual WC claim form (DWC-1) with the employer, and filing an application for adjudication of claim with the Workers' Compensation Appeals Board (WCAB).



OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were to identify the contributing factors behind the increase in WC claims, measure the fluctuations in WC claims and costs over the last five years, provide comparative benchmarking data from other organizations, and recommend ways to mitigate the risk factors to reduce future WC claim costs.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of this performance audit attempted to cover the last five fiscal years (FY15-19) of WC data and reports, but in some instances WC data and reports were not available for the entire five fiscal years. In addition, interaction with the City's WC management and staff at the Personnel Department was restricted, which limited the scope and methodology of our audit to WC information and WC personnel employed at the Port.

Every effort was made to work around these limitations and restrictions and to provide a thorough analyses of the WC program at the Port. As such, the following methodology was performed:

Interviews

Interviews were conducted with the following individuals:

- Harbor Executives: Executive Director Marla Bleavins; Audit Manager Jim Olds
- Risk Management Division: Director Jennifer Bersales, Kathy Merkovsky (retired), Risk Managers John Martinez, Darrelle Pan; Safety Engineer Calvin Toy
- Port Police: Chief Thomas Gazsi; Deputy Chief Randy Allen; Officer Regina Grant; Director of Administration George Cummings; Cheryl Provinchain,
- C&M: Director Tim Clark, Steve Mangold, Danny Hughes, Michael Dinnius
- City Attorney: Deputy City Attorney Esther Olsen, L'Tanya Portlock
- Los Angeles World Airports (LAWA): Adria Williams

Documents Reviewed

- Bickmore Actuarial Review of the Self-Insured Worker' Compensation Program dated April 2019 – Fiscal Year Periods 2019-2020 through 2023 and 2024.



- Employee Temporary Modified Duty Policies and Procedures After An Injury or Illness – Policies, Procedures and Attachments A through P dated 8/14/15
- Supervisors Guide to Workers' Compensation Dated June 2016 – City of Los Angeles Basis Principles of Workers' Compensation dated 9/11/19
- Executive Directive 18 – A Safe and Healthy Workforce and Risk Management dated 2/1/17
- Risk Reduction Harbor Department Slide Deck dated July 2019
- Los Angeles Port Police Policy Manual dated 7/9/18
- Rising Medical Solutions WC Benchmark Study 12/18/19
- National Workers' Compensation & Disability Conference, Safety National 2015

Contracts and Memorandums of Understanding (MOU's) Reviewed

- Agreement 17-3466 Between LA Harbor Department and Western Medical Group (WMG) dated 1/31/17; First Amendment to 17-3466; substitute dba Concentra Medical Group for WMG dated 8/18/19
- Workers Compensation Carve out and Alternative Dispute Resolution (ADR) dated 8/21/09
- Union Agreement for Service Employees International Union (Local 721). Applies to C&M only. Amendments 2 thru 4
- Agreement Between the Harbor Department and The Office of City Attorney Dedicated Staffing #2391 dated 9/30/04
- MOU No. 30 between the Los Angeles Police Port Association and Harbor Department dated 4/11/05
- MOU No. 38 between the Los Angeles Police Port Association and Harbor Department dated 5/24/12

Data Analysis

WC data was obtained from the Port's RMD, along with the April 2019 Bickmore Actuarial Study. Some of these reports were combined using Microsoft Office products such as Excel and Access. The WC data contained in this report were reconciled to the information taken from City of Los Angeles' external website and intranet. Payment data was then matched to monthly chargeback invoices received by RMD for approval. New claim counts were compared to City figures and monthly ad-hoc reports maintained by RMD and reconciled to monthly claim reports produced by Western Medical Group prior to integration with Concentra.

Target Claim Audits

Audits usually include a full review of a random sample of claims and targeted review of specific activities related to areas of concern. Contractual guidelines are applied as an



evaluation standard when available, and are augmented by WC claims best practices, which is a blend of industry standards and regulatory mandates. The elements of a successful workers' compensation program should include the following:

1. Timely claim reporting, file set-up and three-point contact
2. Thorough claim investigation to support decisions
3. Timely and accurate benefit delivery
4. Pro-active direction to early return to work assignments
5. Thorough Action Plans revised with changes in case complexity
6. Appropriate utilization of case management and cost containment programs
7. Ongoing claim supervision
8. Timely and accurate reserves calculation
9. Pro-active litigation management
10. Resolution plan and claim closure

A total of 50 WC claims were selected for targeted review of specific issues discovered during interviews, document study, and data analyses. Best practices were assessed when possible using the available audit tools.



DETAILED RESULTS

Below we provide the details on the results of this performance audit:

Finding 1: Overall management of the Port's WC process can be improved to reduce the increase in WC claims and costs.

Timely and thorough management of WC claims is critical to effective management of WC claims and costs. Our audit found that the increase in the Port's WC claims and costs during the last 5 years can be attributed to the following six (6) factors:

- 1) Limited formal investigations of WC claims with questions about compensability decisions or entitlement to additional benefits.
- 2) Reduced success in early and sustained return to work program for injured workers.
- 3) Delays in resolving litigated and non-litigated WC claims.
- 4) Inability to obtain loss run reports of WC claims data.
- 5) Ineffective communications between Port WC management and the City of LA WC Personnel Department.
- 6) Misclassification of first-aid claims as recordable WC claims.

Limited Formal Investigations

According to interviews with Division Directors, they do not fully understand the Personnel Department Claim Analyst's decision to accept WC claims with questions about compensability decisions or entitlement to additional benefits without a formal investigation. When questions are raised, they did not always receive an explanation for the decision. We reviewed a sample of questionable WC claims and verified the limited use of outside investigators when disputed facts were unclear. According to the City Attorney, outside investigations may be assigned at their request. However, the Claims Analysts most often just make phone calls, but do not send anyone out to the accident location for investigation.

A Port Department Supervisor typically conducts the initial injury investigation. However, the employee may change their version of events. If this impacts a decision about WC benefits, then best practices would be to conduct a formal follow-up investigation to reconcile the discrepancy.



The Construction & Maintenance (C&M) Director believes that Supervisors do not consistently conduct thorough accident investigations. Based on our review of selected litigated C&M claims, we found there were some initial issues with compensability. For example, a question arose whether one employee was injured at lunch. One employee filed a claim after being disciplined. And another employee alleged exposure to fumes without identification of toxic substances that would cause ill effects.

We also confirmed limited use of surveillance, background checks or activity checks. For example, an injured employee went on vacation while receiving IOD benefits. The Alternative Dispute Resolution (ADR) consultant was not able to make contact. Thus, the physical activities of the injured employee during their vacation were unknown.

It should be noted that a new position has been recently created for the RMD that will aid Department Supervisors in investigating on the job accident scenes and assist in completing necessary WC claims documents.

Recommendation No. 1

We recommend that 1) the City Attorney initiate an investigation of an employee injury or accident when there are suspected disputed facts about a WC claim, 2) Port WC management inquire with the City Personnel Claims Analysts on the reasons why a formal investigation is not being performed when they question a claimed injury or the need for continuing disability, 3) Department Supervisors document any questions or doubts regarding the WC claim on the Employers' Report of Occupations Injury or Illness (DIR form 5020), and 4) Port WC management require ongoing injury investigation supervisory training for new and current Port employees.

Reduced Success in Early and Sustained Return to Work Program

The Port Police light duty to IOD ratio has decreased significantly in the past four years, especially in 2018-2019, resulting in increased costs for loss time IOD and State Rate benefits. The Port Police have limited availability of "desk" jobs. Officers need to be able to return to full duty before costly WC benefits can be terminated. According to Port Police, there are not enough unfilled administrative positions to assign to injured officers.

The longer injured employees are off work, the harder it is to get them back to work in the long run. The Port Police employees who do not return to work within 4 weeks remain on



IOD for prolonged periods of time; however, actual time off varies due to the employee's medical condition.

One alternative solution considered was to use Port Police for light assignments such as traffic control at public events. Police officers routinely accept jobs from the owners of private venues when they are off-duty, but in uniform. In 2006, the Los Angeles City Council voted to require venue operators requiring security to contract with and pay the Los Angeles Police Department for the use of officers, who would be assigned in uniform on an overtime basis, to provide security and traffic control at private venues, including Staples Center and Dodger Stadium.

There is no prohibition against this practice in the Port Police Union MOU. However, adopting this policy for Port Police would require sanction by the Harbor Commission and City of Los Angeles officials, and adopted by the Port Police.

Port Police Chief Gazsi regularly calls employees on extended leave to discuss their return to work plans. Informing injured employees on IOD of their responsibilities formally and keeping a schedule of their activities at home has been a successful IOD mitigation program for the Los Angeles County Sheriff's Department. Section 1053.5.1 of the Port Police Policy Manual states "responsibilities of employees assigned to temporary modified duty" could be expanded for employees on IOD. Together with regular contact, keeping these employees accountable such as in attending medical appointments will help eliminate delays in return to work.

Unclear Work Restrictions

The audit found that Port Divisions are unable to accommodate unclear work restrictions and need clarification from the treating physician. There are delays in providing job descriptions to treating physicians who are then extending loss time. Physicians are taking employees off work without sufficient knowledge of the employee's job duties when they are assessing the employee's physical ability to return to work. Changes in work status are not being communicated timely by the treating physician, preventing the Claims Analyst from responding or objecting.

The City of Los Angeles implemented a Medical Provider Network (MPN) in May 2018. Port employees are required to receive treatment within the MPN, provided there are enough qualified physicians within a reasonable geographic area. Prior to having an MPN, the Port



had medical control for the first 30 days after an injury. After 30 days, the employee could select their own treating physician. Physicians within the MPN are more accountable to follow regulatory duties and communicate the reasons for disability decisions. The Port has no procedures for exemptions to the use of a MPN physician. However, there is a statutory exception when an employee pre-selects a personal physician prior to having an injury.

The Port contracts directly with Concentra Medical Clinic (formerly Western Medical Group) as the initial treatment center, to render first aid and other non-claims medical functions such as drug testing and fitness for duty evaluations. The BCAWR audit team and RMD staff conducted a site visit at Concentra to discuss communications and treatment improvements that could be made by Concentra.

Concentra agreed to communicate return to work issues directly with Port Division management. Specifically, they would notify Port Divisions directly about employee releases. Concentra also agreed to proactively inform RMD of any return to work issues.

Lastly, a job description of the top 10 Port employee positions by injury will be maintained by Concentra for immediate real-time access by treating physicians. Concentra will also train their physicians to emphasize what work activities the employee can do versus work activities the employee cannot do.

Recommendation No. 2

We recommend that 1) the Port's RMD establish proactive Return to Work protocols based on abilities versus disabilities to assist Port Division management in better understanding work restrictions, 2) the Port Police expand the type and number of light duty and beyond desk assignments for injured police officers, 3) the Port Police develop a policy to specify employee responsibilities while on IOD, 4) Port WC management require Concentra staff and/or doctors to contact the respective Port Division to explore light duty work assignments prior to reinstating disability status, and 5) the Port's Divisions supply treating physicians with a job description list of the top 10 positions by injury.

Delays in Resolution of Litigated and Non-Litigated Claims

C&M Division management expressed concerns about the length of time it was taking to resolve litigated claims; therefore in the second quarter of 2019, the C&M Director began meeting with the City Attorney and with members of other divisions, including RMD and Human Resources. Known as Roundtables, settlement conferences are common with WC claims professionals.



To assist with the resolution of long outstanding WC claims, the BCAWR audit team reviewed 25 litigated and non-litigated claims to determine if delays in claim resolution were contributing to cost escalation. Based on our review, we identified five litigated claims that had not been settled at the earliest opportunity. Three claim files reviewed contained claim notes indicating that necessary Qualified Medical Evaluator (QME) and/or Agreed Medical Evaluator (AME) reports were in the file, the condition had reached Maximal Medical Improvement and the Permanent Disability was rated. Requests by the Claims Analysts to resolve the cases were not heeded, resulting in new developments extending the life of the claims for additional time, even up to one year. Based upon discussions with the City Attorney, these three claims should be settled within the first quarter of 2020.

Two non-litigated files were not resolved because Alternative Dispute Resolution (ADR) documents and/or requests for Mediation Hearings are still pending. As part of the SEIU Union agreement with C&M employees, ADR may be substituted for protracted Workers' Compensation Appeals Board (WCAB) litigation. While ADR is intended to be a long-term cost and time saver, the procedures, sharing of documents and settlement forms are different. City Attorney staff admitted being less than proficient with required ADR documentation; there is only one City of Los Angeles ombudsman available to set medical legal exams, negotiate, and otherwise assist with ADR claims.

We discussed the results of our review with the City Attorney with the intention of exploring solutions to eliminate delays. With over 30 years of experience, the City Attorney is well aware of legal issues and prices settlements reasonably. The primary reason for delays in resolving claims was the City Attorney taking on too much responsibility and not delegating responsibilities on non-complex claims. Claims Analysts were noted to be highly skilled with a full grasp of the litigation matters and have previously offered their assistance to the City Attorney. Furthermore, the City Attorney indicated that confusion over settlement authority has also contributed to some of the claim settlement delays. However, a resolution to grant the City Attorney \$50,000 settlement authority for full and final settlement or less than 100% permanent disability was recently approved by the Harbor Commission in August 2019. This resolution should result in more timely settlement of outstanding claims.

Lastly, several participants in Roundtables or settlement conferences expressed the need for more structure, with better documentation and accountability. They believe more structured and focused Roundtables will lead to a better understanding and ultimate resolution of outstanding claims.



Recommendation No. 3

We recommend that 1) the Port's RMD moderate the WC Claims Resolution Roundtable meetings between the Divisions and City Attorney using a formal agenda and template to record assignments and due dates (*See Appendix I and II*), 2) RMD extend the WC Claims Resolution Roundtable meetings to include Port Police, 3) the Port's RMD work with the City's Personnel Department to identify and prioritize WC claims that may be resolved within 6 months, 4) the City Attorney develop non-complex case criteria for Claims Analysts' to resolve, and 5) the City Attorney delegate routine tasks to support staff, such as a paralegal, to free up time for high priority WC claims.

Improved Utilization of WC Claims Reports Needed to Better Manage WC Claims and Costs

The Port does not receive WC claim reports such as Loss Run reports from the City Personnel Department. As a result, Port WC staff maintain manual logs of individual claims information. A Loss Run report is a WC claims history report that when reviewed and analyzed monthly can provide useful WC data to better understand, manage, and monitor WC costs and claims. The following are examples that Port management can benefit from by analyzing monthly Loss Run reports over time:

- **Percentage of lost-time claims** – The number of lost-time claims should be scrutinized against the total number of claims. The national average of lost-time claims ranges from 20-25 percent of total claims. A percentage higher than this average may indicate that a review of the Port's Return to Work Program policy is warranted.
- **Percentage of litigated claims** – Loss Run reports indicate whether or not a claim is litigated. A high percentage of litigated claims can be a red flag and may indicate an overall lack of trust that employment might not continue, fear relating to other employment issues, or an overall misunderstanding of the WC process.
- **Repetitious claims** – Employees who have more than one accident a year should be flagged and analyzed for either unsafe acts by the employee or unsafe working conditions. Identifying and rectifying unsafe acts or conditions can reduce employee injuries.



- **Percentage of open claims** – The longer a claim remains open, the more it costs. Thus, the number and costs of open claims should be monitored monthly, with an eye toward what actions are needed to resolve the claim. Constant monitoring results in lower costs.
- **Total costs incurred for each claim** – This represents the combined total of what was paid and the estimate for what will be paid by the time the claim is closed. Monitoring claims with higher estimates for what will be paid and understanding the reasons, and then strategizing and finding ways to reduce what will be paid can result in lower costs.

Recommendation No. 4

We recommend that 1) the Port's RMD obtain monthly reports from the City Personnel Department, such as a Loss Run report to improve monitoring of WC claims and costs, and 2) the Port's RMD be trained on how to best use such information, including Loss Run reports (*See Appendix III*).

Improvements Needed in Communications between Port WC Management and the City of LA Personnel Department WC Division

The Port's RMD conducts monthly WC meetings to bring together all of the parties involved with the Port's WC claims process: Claims Analysts, Division Supervisors, City Attorney, Human Resources, Payroll, and the Occupational Clinic. Current active open claims are discussed, as well as new injuries. RMD attends regular safety meetings hosted by the C&M Division and Roundtable discussions of legacy claims between C&M, City Attorney and Human Resources. The meetings provide an effective tool to exchange ideas. Meetings are the main vehicle for communication.

Based on our interviews with Port Division management, the primary complaint regarding the WC process at the Port is the difficulty in getting questions answered by WC staff at the City Personnel WC Division. Although the Port's Division management has a working relationship with the Port's RMD, there is no contact person designated at the City Personnel WC Division that they could contact and get specific questions answered about a WC claim.

Considerable preparation time for monthly meetings and responding to immediate problems limits the RMD staff's ability for proactive analysis of trends and program development. A detailed monthly new WC claim incident report is presented to the Mayor's



Office, but there is no process in place to monitor claim reserves and payment accrual rates or status of outstanding claims.

Recommendation No. 5

We recommend that Port WC management request that a City Personnel WC liaison be appointed as the key contact person for Port WC management and Port RMD to call related to all WC claims questions.

First-Aid vs. Recordable WC Claims

Feedback from interviews with RMD and Port Police indicated that some first-aid incidents had been set up as a medical only claim in the WC system (Ivos), resulting in first aid incidents being erroneously recorded as a WC claim. Extra time was required to track down employees after the fact to complete a required WC claim form. Once this form was completed, these occurrences became “recordable” WC claims per Cal-OSHA Guidelines.

A physical audit cross checking information in Ivos with RMD found discrepancies in the number of new claims. According to RMD accounts, there were 17 first-aid incidents with two first-aid incidents clearly misclassified as a WC claim. A review of medical only claims found four more first-aid incidents where extended treatment created a recordable claim.

First-aid incident and recordable injury definitions were discussed with Concentra management. Examples were given where prescriptions were written for drugs such as non-narcotic pain relievers available over the counter and available to the public. This action would convert an otherwise first-aid incident to a recordable WC claim. Concentra is aware of these issues and has offered physician training, and to include training for all medical personnel involved in making these decisions.

Concentra has agreed to clearly delineate “first-aid” on all initial reports to avoid confusion by Harbor Division, RMD staff, and City of LA Claims Analysts.

Recommendation No. 6

For the misclassification of first-aid claims as recordable WC claims, we recommend that WC Port management 1) monitor specific first-aid claims in coordination with Concentra, and 2) begin quarterly stewardship meetings with Concentra to discuss service expectations and begin developing policies and procedures for Port line supervisors.



Finding 2: Port WC costs are increasing while new claims are stable.

Historical WC benefit payments have increased 24.5% over the last five fiscal years (2015-2019) as shown below.

Historical Workers Compensation Benefit Payments

Fiscal Year	Payments (000's)	Pct. Change	Comments
2018-2019	\$1,715	8.4%	Payments have increased 24.5% since FY2015.
2017-2018	1,582	- 5.9%	
2016-2017	1,681	0.9%	For more accurate year-to-year comparisons, payments shown do not include one-time settlement payments totaling \$367,250.
2015-2016	1,666	20.9%	
2014-2015	1,378	N/A	Base year comparison used so % change not applicable (N/A)

In April 2019 the City of Los Angeles hired Bickmore Actuarial to project future Harbor WC payments. The table below summarizes Bickmore's expected WC payments. Previous fiscal year 2018 to 2019 benefit costs have already reached Bickmore's projections for next fiscal year 2019-2020. Using the 2018-2019 actual 8.4% growth rate, payments would be expected to exceed the "high" estimate in 2020-2021.

Fiscal Year	Low	Expected	High	Expected % change	Comments
2019-2020	\$ 1,605	\$ 1,716	\$ 1,827	N/A	2018-2019 actual = \$1,715
2020-2021	1,608	1,730	1,852	0.8%	2018-2019 + 8.4% = \$1,859

New claims have not increased appreciably in the past four fiscal years, averaging approximately 71 new claims per year. Also, the audit found six recordable claims in 2018-2019 that should have been recorded as first-aid under the application of OSHA protocols. Thus, new recordable claims for 2018-2019 would have been 71 (8.5% of new claims) as a percentage of FTE's (see table on the following page).



New Claims as a Percentage of FTE's

Fiscal Year	New Claims	Full Time Employees (FTE)	% Claims per FTE
2018-2019	77	889	8.7%
2017-2018	68	884	7.7%
2016-2017	61	883	6.9%
2015-2016	78	906	8.6%

Injured on Duty (IOD) wages paid and Average IOD payments measured against new claims shows an increase in the past fiscal year.

IOD Wages Paid per New Claim

Fiscal Year	IOD wages	New Claims	Avg. IOD Wages per New Claim	% Change
2018-2019	\$ 1,160,063	77	\$ 15,066	13.1%
2017-2018	905,518	68	13,316	-2.3%
2016-2017	831,316	61	13,628	18.9%
2015-2016	893,883	78	11,460	N/A

The increase in IOD wages paid as shown in the table above can be attributed to the decline in the effectiveness of the Port's Return to Work Program. An accurate assessment of the Port's Return to Work Program can be measured by comparing light duty hours to IOD hours.

As shown in the table below, the number of light duty assignments offered to injured workers declined significantly (73%) from FY 2016 to FY 2019, resulting in the increase in IOD wages as shown above.

Light Duty Hours vs. IOD Hours

Fiscal Year	Light Duty Hours	IOD Hours	Light Duty/IOD Ratio
2018-2019	2,372	26,975	8.8%
2017-2018	5,732	22,906	25.0%
2016-2017	7,091	21,324	33.3%
2015-2016	8,763	23,147	37.9%



Recommendation No. 7

To reduce the increase in WC claims and costs, please refer to Recommendation No. 2 above.

Finding 3: The Port's Average WC Cost Per \$100 of Payroll is Comparable to other Ports in California.

Benchmarking is a comparative process for understanding program performance and costs associated with WC recordable claims. As shown in the table below, the Port's average WC cost per \$100 of payroll is lower than Long Beach, higher than Oakland and close to San Diego. The Port of Long Beach hired a Workers' Compensation specialist in 2019 to monitor increasing costs and make recommendations.

The Port of Oakland is a useful benchmark, but somewhat of an outlier. This is the only Port located in Northern California, where litigated rates are lower than Southern California according to published studies. The City of Oakland pays the bulk of the costs for port police.

Three-Year Average Workers' Comp Benefits per Payroll Paid 2016-2018

Port of Los Angeles

Year	Staff	Total Payroll (\$000's)	Workers' Comp Benefits Paid (\$000's)	Avg. Cost per (\$100) of payroll
	891	\$ 92,500	\$ 1,765	\$ 1.91
2018	884	94,818	1,582	1.67
2017	883	92,438	2,048	2.22
2016	906	90,245	1,666	1.85

Port of Oakland

Year	Staff	Total Payroll (\$000's)	Workers' Comp Benefits Paid (\$000's)	Avg. Cost per (\$100) of payroll
	477	\$ 58,626	\$ 664	\$ 1.13
2018	460	61,326	648	1.06
2017	513	58,516	312	0.53
2016	459	56,036	876	1.56



Port of San Diego

Year	Staff	Total Payroll (\$000's)	Workers' Comp Benefits Paid (\$000's)	Avg. Cost per (\$100) of payroll
	556	\$ 51,133	\$ 1,058	\$ 2.07
2018	566	57,109	1,331	2.33
2017	558	48,586	1,118	2.30
2016	544	47,703	1,024	2.15

Port of Long Beach

Year	Staff	Total Payroll (\$000's)	Workers' Comp Benefits Paid (\$000's)	Avg. Cost per (\$100) of payroll
	569	\$ 57,033	\$ 1,765	\$ 3.09
2018	571	50,570	1,858	3.67
2017	589	61,891	1,485	2.40
2016	546	58,639	1,528	2.61

Finding 4: The Port's WC Performance When Compared to Other City of Los Angeles Proprietary Departments Show Mixed Results.

For FY19, the Port's WC performance was benchmarked against other City of Los Angeles Proprietary departments (Los Angeles World Airports and Department of Water and Power) for new claims per Full-Time Equivalent (FTE) and average WC benefits paid plus salary continuation. The results are shown in the tables below:

Percentage of WC New Claims per FTE

Fiscal Year	New Claims	FTE's	% Claims per FTE
2018-2019			
Port of Los Angeles	77	889	8.7%
Los Angeles World Airports	408	3,892	10.5%
Department of Water & Power	605	11,265	5.4%



A lower percentage of claims per FTE reflects effective loss prevention. The low percentage of new claims per FTE for the LADWP is due to the LADWP's creation of the Occupational Health Services Office. This Office staffs six health professionals and includes a Medical Director and on-site Registered Nurse.

Average WC Wages Paid per New Claim

Fiscal Year 2018-2019	IOD wages	New Claims	Avg. IOD per New Claim
Port of Los Angeles	\$ 1,160,063	77	\$ 15,066
Los Angeles World Airports	4,101,813	408	10,053
Department of Water & Power	5,057,547	605	8,360

The low average cost per new claim for the LADWP is due to the creation of the Occupational Health Services Office to support an effective early Return to Work program. The Los Angeles World Airports (LAWA) lower average cost per new claim is due to three factors: 1) expanded modified Return-to-Work opportunities, 2) a staffing of a Registered Nurse, and 3) direct accountability of two dedicated Claims Analysts that report directly to LAWA's Risk Management Division.

A common advantage over the Port employed by LADWP and LAWA is use of medically trained resources to bridge the communication gap between employees, division supervisors, WC claims analysts, and physicians to translate injury residuals to re-employability. Due to the difference in number of employees and overall workers' compensation costs, it is not feasible for the Harbor to employ a Medical Director or multiple occupational nurses.

However, an Occupational Health Nurse promotes optimum safety and health in the work environment as well as providing direct care, health education and counseling to employees. For the Port, an Occupational Health Nurse would be a valuable resource to the RMD in program management by participating in Return to Work meetings and Litigated Claim Roundtable discussions. An Occupational Health Nurse could also provide expertise to clarify immediate issues that impact return to work, litigation strategy and claim resolution.

Concentra currently administers first aid for the Port. An on-site Occupational Health Nurse could determine if medical care should be provided by the Port or a private physician. An



on-site Occupational Health Nurse can also administer first-aid and address other minor injuries immediately such as applying bandages, compresses and splints.

Recommendation No. 8

To mitigate the risk factors and reduce costs through better team coordination, we recommend that Port management consider adding an on-site Occupational Health Nurse to interface with the injured employee, doctor, and supervisor.

Limitations and Restrictions

Access to and interactions with the City's Personnel Department WC Division was restricted, resulting in limitations to this audits' assessment of the overall administration and handling of Port WC claims. Although the auditors were able to modify its' audit approach and methodology to achieve the objectives of this performance audit, a thorough and complete assessment of the Port's WC claims process compared to best practices was limited.

BCA Watson Rice, LLP



APPENDICES

Claim Resolution Roundtable

What: Claim Resolution Roundtable Agenda to share with participants.

Why: A Claim Resolution Roundtable allows a group of passionate professionals to assemble as a committed leadership group, in order to discuss complex claims. Non-productive meetings can destroy team spirit and external support. Ineffective meetings that rehash old news may be seen as a waste of time.

How: The Risk Management Division (RMD) moderator works to foster creative thinking and collaborative dialogue that form action plans. The agenda is a living document, prepared ahead of time, with updates distributed to participants for the next meeting.

Objective and Deliverables: Establish goals to accomplish during the meeting. If resolution of a claim is not possible within a foreseeable period, identify benchmarks that will move the claim forward and create circumstances for future resolution.

Owner: Identify the owner of the item. They should contribute any preparatory materials and come prepared to make sure the item is properly addressed in the meeting.

Due Dates: The task owner should establish due dates to be updated as necessary.

Sample Claim Resolution Roundtable Agenda

Item	Objective, Assignments; Stakeholder	Task Owner	Task Owner Due Dates
Status of Prior Meeting	Report progress on previous goals and assignments; set meeting ground rules.	RMD moderator	
List of Claims selected for Roundtable	Explain why claim was selected and expectations for Roundtable meeting	RMD moderator Division representative	
Claim Number	Employee Name	Division Job Title	
Category	Discussion topics	Task Owner	
Claim status and Developments	Progress since previous meeting; New issues	Claims Analyst	
RTW light or full duty? vs IOD or TTD?	Ongoing IOD/state rate benefits?	Claims Analyst	
Wages, IOD dates and amounts correct?	Ongoing treatment; pending requests for authorization	Payroll	
Stage of litigation (on/off calendar) MMI? QME or AME received /rated?	Litigation or resolution plan Advise actions needed to move forward	City Attorney	
Decision concerning permanent return to work	Offer of RTW or status of Interactive Process	Human Resources	
Summary of Results; next steps	RMD Moderator task summary and attendee feedback	RMD moderator	

Claim Resolution Roundtable Tracking Template

Review Date:	
Employee:	Claim Number:
Date of Injury:	Division Job Title:

Task Owner	City Attorney:	Claim Analyst:	Human Resources:	Payroll:
Claim Status and Developments				
RTW light or full duty? vs IOD or TTD?				
Ongoing IOD/State rate benefits				
Wages, IOD dates and amounts correct?				
Ongoing treatment; pending requests for authorization				
Stage of litigation (on/off calendar) MMI? QME or AME received/rated?				
Litigation or resolution plan				
Decision concerning permanent return to work or status of Interactive Process				
Next task				
Task due date(s)				
RMD Moderator task summary and attendee feedback				

PROPER USE OF LOSS RUN REPORTS

The Los Angeles City Mayor's Directive No. 18 calls for a Safe and Healthy Workforce and Risk Management Program. A Loss Run report is a Workers' Compensation (WC) claims history report that when reviewed and analyzed monthly can provide useful WC data to better understand, manage, and monitor WC costs and claims. The following are examples that WC Port management can benefit from by analyzing monthly Loss Run reports over time.

Contributing Factors and Likely Cause of Claims; Frequency and Location of Accidents

The most effect way to reduce WC costs is to prevent work accidents from reoccurring. Taking and tracking of corrective action in response to safety incidents, including the development of safety training will help ensure this is overseen; Harbor RMD uses an iVOS report, similar to an abbreviated loss run to accomplish this purpose.

Percentage of Lost-Time Claims; TD Days; IOD Hours and Expenses; Use of Light-Duty Hours

The number of lost-time claims should be scrutinized against the total number of claims. The national average of lost-time claims ranges from 20-25 percent of total claims. A percentage higher than this average may indicate that a review of the Port's Return to Work Program policy is warranted.

Percentage of Litigated Claims; Status of Litigation; Average Time of Open Litigated Cases

Loss Run reports indicate whether or not a claim is litigated. A high percentage of litigated claims can be a red flag and may indicate an overall lack of trust that employment might not continue, fear relating to other employment issues, or an overall misunderstanding of the WC process.

Repetitious Claims; Continuous Trauma Claims

Employees who have more than one accident a year should be flagged and analyzed for either unsafe acts by the employee or unsafe working conditions. Identifying and rectifying unsafe acts or conditions can reduce employee injuries.

Percentage of Open Claims, Status of Outstanding Claims, Average Time of Open Claims

The longer a claim remains open, the more it costs. Thus, the number and costs of open claims should be monitored monthly, with an eye toward what actions are needed to resolve the claim. Constant monitoring results in lower costs.

Claim Costs Incurred; Reserves, Payment Accrual Rates

This represents the combined total of what was paid and the estimate for what will be paid by the time the claim is closed. Monitoring claims with higher estimates for what will be paid and understanding the reasons, and then strategizing and finding ways to reduce what will be paid can result in lower costs.

HOW TO UTILIZE A LOSS RUN REPORT

To maximize the benefit of the Loss Run report, the claim information should be sorted to provide the claim management information you need to best control current claims. Some of the possible or recommended sorts would include:

1. Sort by the number of days from the accident to the reporting of the claim to the employer, then sort by location to identify where claims are not reported timely.
2. Sort by the number of days from the division's notice to the reporting of the claim to the claim analyst to identify locations that are slow in reporting to the claim's office.
3. Sort by the type of injury and the body part injured to identify either safety issues or ergonomic issues that need to be addressed.
4. Sort by division code to see which jobs are producing most of the injuries.

By using sorts of this nature on the Loss Run, the employer can identify the areas where the time frames can be improved and the areas where safety can be improved, both of which will lead to lower future claim costs.

Financial sorts of the Loss Run can be used to give the employer a snapshot of the level of payments and cost of claims. Some of the ways to sort the loss run financially include:

1. Total number of new claims in the current month.
2. Total number of claims closed in the current month.
3. Total number of all open claims at the end of the current month.
4. Total dollars paid on all claims in the current month.
5. Total dollars paid on medical benefits in the current month.
6. Total dollars paid on indemnity benefits in the current month.
7. Total dollars paid on expenses in the current month.
8. Total dollars paid on each individual claim in the current month.
9. Average cost per claim.

These same financial sorts can be used for the current quarter and the current fiscal year. In addition to providing information on time frames, safety issues and financial issues, the properly constructed Loss Run can be used to determine trends in each of these areas. By comparing the results shown on the Loss Run with preceding months and preceding years, the employer should be able to determine the following:

1. Whether the overall number of claims is increasing or decreasing,
2. Whether the safety program is working effectively.
3. Whether the cost of claims is increasing or decreasing.
4. Whether the claim reporting program is working effectively.
5. Whether a location is having a disproportionate share of WC claims.
6. Whether the claims analyst is spending enough in expenses to control current claims.
7. Whether litigation claim payments, reserves and incurred losses are reasonable compared to total claims.
8. Whether the duration of claims open is reasonable.
9. Whether litigation and investigation expenses are reasonable compared to total claims.