

## 293 - WORKERS' COMPENSATION INTERNAL SERVICE FUND

### Operational Summary

#### Description:

The Workers' Compensation Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

#### Strategic Goals:

- It is the goal of the self-insured Workers' Compensation Program to provide prompt state-mandated benefits to injured County employees and manage the anti-fraud program. This program also integrates workers' compensation benefits with specific benefits within labor agreements.
- The Safety and Loss Prevention Program strives to provide a safe environment for both County employees and members of the public who visit County facilities and receive County services through its pro-active safety, loss prevention, training and inspection programs. This strategy compliments current departmental efforts to reduce the total cost of workers' compensation and liability claims.

#### Key Outcome Indicators:

Performance Measure	2004 Business Plan	2005 Business Plan	How are we doing?
	Results	Target	
<b>RELATIVE COST OF SAFETY AND WORKERS' COMPENSATION PROGRAM</b> <b>What:</b> Shows the total expenditures of this program as a percent of total county expenditures. <b>Why:</b> Provides a constant measure of costs for all County departments.	The overall cost of this statutory benefit program was 1.05% of total county expenditures.	Remain 1% of total county expenditures.	Safety and Workers' Compensation Program costs for FY 2003-2004 were just over 1% of total county expenditures which is substantially lower than commercial insurance would have been.

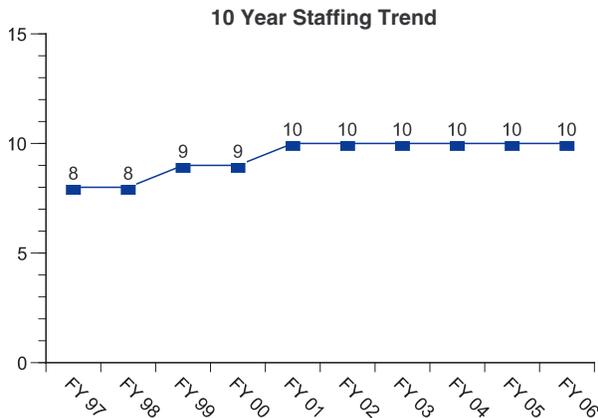
#### FY 2004-05 Key Project Accomplishments:

- Active support of Board of Supervisors' efforts for legislative reform of workers' compensation law to contain costs, which are leveling now.
- Charges to county departments for this program are 41% less than what comparable commercial insurance would have cost based upon the California Workers' Compensation Uniform Statistical Plan rates.
- Implementation of Utilization Review using American College of Occupational and Environmental Medicine treatment Guidelines on all workers' compensation cases to reduce medical costs and work days lost.



**Workers Compensation ISF** - Workers' Compensation insurance and claim administration, Safety and Loss Prevention, and Anti-Fraud programs.

### Ten Year Staffing Trend:



### Ten Year Staffing Trend Highlights:

- Overall expansion and increasing claims administration responsibilities of the program required program adjustments and increased technology to meet new challenges with level staffing.

## Budget Summary

### Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and Strategic Financial Plan.

### Proposed Budget History:

Sources and Uses	FY 2003-2004	FY 2004-2005	FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget As of 3/31/05	Projected <sup>(1)</sup> At 6/30/05	Recommended	Projected Amount	Projected Percent
Total Positions	-	10	10	10	0	0.00
Total Revenues	40,338,101	47,791,368	52,227,915	55,125,919	2,898,004	5.55
Total Requirements	40,338,103	47,793,008	47,714,805	55,125,919	7,411,114	15.53
Balance	(2)	(1,640)	4,513,110	0	(4,513,110)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2004-05 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Workers' Compensation Internal Service Fund in the Appendix on page page 682

### Highlights of Key Trends:

- Employee injury rates (8.1/100) continue to be below those of the average public entity loss history (8.4/100).
- Costs of workers' compensation, which have been consistently raised by legislative rate increases, are now showing a leveling because of the impact of recent legislative and medical review changes.

## 293 - Workers' Compensation Internal Service Fund

### Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

Operating Detail		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
<b>OPERATING INCOME</b>					
7710	Insurance Premiums	39,242,856	47,095,672	47,094,955	47,094,955
<b>Total Operating Income</b>		<b>39,242,856</b>	<b>47,095,672</b>	<b>47,094,955</b>	<b>47,094,955</b>
<b>OPERATING EXPENSES</b>					
Salaries & Benefits					
0100	Salaries and Wages	23,402	0	0	0
0101	Regular Salaries	575,007	545,657	616,163	616,163
0102	Extra Help	0	166	0	0
0103	Overtime	3,152	5,000	9,500	9,500
0104	Annual Leave Payoffs	4,200	5,238	39,489	39,489
0105	Vacation Payoff	0	7,747	29,399	29,399
0106	Sick Leave Payoff	0	9,684	124,781	124,781
0110	Performance Incentive Pay	3,593	3,391	5,542	5,542
0111	Other Pay	0	544	828	828
0200	Retirement	61,481	80,950	103,670	103,670
0204	County Paid Executive Deferred Compensation Plan	3,343	3,143	3,414	3,414
0301	Unemployment Insurance	913	(871)	930	930
0305	Salary Continuance Insurance	1,608	1,503	1,636	1,636
0306	Health Insurance	69,538	57,464	62,544	62,544
0308	Dental Insurance	2,891	2,596	2,736	2,736
0309	Life Insurance	525	572	576	576
0310	Accidental Death and Dismemberment Insurance	99	99	108	108
0319	Other Insurance	4,603	3,989	4,368	4,368
0352	Workers Compensation - General	17,184	16,284	17,045	17,045
0401	Medicare	4,195	4,713	5,229	5,229
<b>Total Salaries &amp; Benefits</b>		<b>775,734</b>	<b>747,869</b>	<b>1,027,958</b>	<b>1,027,958</b>
Services & Supplies					
0700	Communications	0	0	13,000	13,000
0701	Telephone/Telegraph - Interfund Transfer	5,580	9,761	0	0
1000	Household Expense	0	14,112	17,000	17,000
1100	Insurance	3,024	0	0	0
1300	Maintenance - Equipment	176	1,500	1,500	1,500



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Operating Detail		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
(1)		Actual	Estimate	Proposed Budget	Final Budget
		(2)	(3)	(4)	(5)
1400	Maintenance - Buildings and Improvements	0	15,800	13,000	13,000
1402	Minor Alterations and Improvements	0	418	0	0
1600	Memberships	75	75	500	500
1800	Office Expense	6,945	4,589	20,000	20,000
1801	Duplicating Services (RDMD/Reprographics)	3,167	3,718	0	0
1803	Postage	1,200	1,260	0	0
1809	Minor Office Equipment to be Controlled	1,592	3,376	47,500	47,500
1900	Professional and Specialized Services	2,391,512	2,471,709	2,908,637	2,908,637
1911	CWCAP Charges	139,103	43,568	279,265	279,265
2100	Rents and Leases - Equipment	2,960	155	2,000	2,000
2200	Rents and Leases - Buildings and Improvements	6,510	7,296	10,000	10,000
2400	Special Departmental Expense	80	3,114	10,000	10,000
2405	Optional Benefit Plan	9,500	8,500	9,504	9,504
2600	Transportation and Travel - General	0	1,919	25,000	25,000
2601	Private Auto Mileage	365	0	0	0
2602	Garage Expense	19,863	20,000	20,000	20,000
2700	Transportation and Travel - Meetings/Conferences	5,682	6,462	10,000	10,000
2800	Utilities	0	5,986	8,000	8,000
2801	Utilities - Purchased Electricity	0	7,773	12,000	12,000
2802	Utilities - Purchased Gas	0	5	50	50
2803	Utilities - Purchased Water	0	190	300	300
2890	Intra-Agency Services & Supplies Billing Offsets	(17,184)	(16,284)	(17,045)	(17,045)
Total Services & Supplies		2,580,150	2,615,001	3,390,211	3,390,211
Other Charges					
3520	Insurance Claims*	36,948,689	44,300,727	50,646,661	50,646,661
Total Other Charges		36,948,689	44,300,727	50,646,661	50,646,661
Miscellaneous					
5300	Depreciation	1,640	1,640	1,089	1,089
Total Miscellaneous		1,640	1,640	1,089	1,089
Total Operating Expenses		40,306,213	47,665,237	55,065,919	55,065,919
Net Operating Income (Loss)		(1,063,357)	(569,565)	(7,970,964)	(7,970,964)
NON-OPERATING REVENUE					
6610	Interest	363,316	825,552	830,000	830,000

## Operation of Internal Service Fund Operational Statement for the Fiscal Year 2005-2006

Operating Detail (1)		FY 2003-2004	FY 2004-2005	FY 2005-2006	FY 2005-2006
		Actual (2)	Estimate (3)	Proposed Budget (4)	Final Budget (5)
7130	Other Governmental Agencies	2,085	(2,085)	0	0
7670	Miscellaneous Revenue	727,811	309,779	300,000	300,000
<b>Total Non-Operating Revenue</b>		<b>1,093,212</b>	<b>1,133,246</b>	<b>1,130,000</b>	<b>1,130,000</b>
<b>NON-OPERATING EXPENSES</b>					
1912	Investment Administrative Fees	31,890	46,927	60,000	60,000
<b>Total Non-Operating Expenses</b>		<b>31,890</b>	<b>46,927</b>	<b>60,000</b>	<b>60,000</b>
<b>Net Non-Operating Income (Loss)</b>		<b>1,061,332</b>	<b>1,086,319</b>	<b>1,070,000</b>	<b>1,070,000</b>
<b>Income (Loss) Before Contributions &amp; Transfers</b>		<b>(2,035)</b>	<b>516,754</b>	<b>(6,900,964)</b>	<b>(6,900,964)</b>
<b>STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED</b>					
Income (Loss) Before Contributions & Transfers		(2,035)	516,754	(6,900,964)	(6,900,964)
7810	Interfund Transfers In - from Fund 100	0	3,994,353	2,386,763	2,386,763
	Changes to Reserves - Encumbrance - (Inc)/Dec.	395	365	0	0
	Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.	1,640	1,640	1,089	1,089
<b>Increase (Decrease) in Net Assets - Unrestricted</b>		<b>0</b>	<b>4,513,112</b>	<b>(4,513,112)</b>	<b>(4,513,112)</b>
<b>Net Assets - Unrestricted - Beginning of Year</b>		<b>0</b>	<b>0</b>	<b>4,513,112</b>	<b>4,513,112</b>
<b>Net Assets - Unrestricted - End of Year</b>		<b>0</b>	<b>4,513,112</b>	<b>0</b>	<b>0</b>

\*Note - The County has adopted a policy of including in the fiscal year-end expense accruals an amount equal to claims "incurred but not reported" (IBNR) as well as reported claims.