

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 complements current departmental efforts to reduce the total cost of workers' compensation and liability claims.

Key Outcome Indicators:

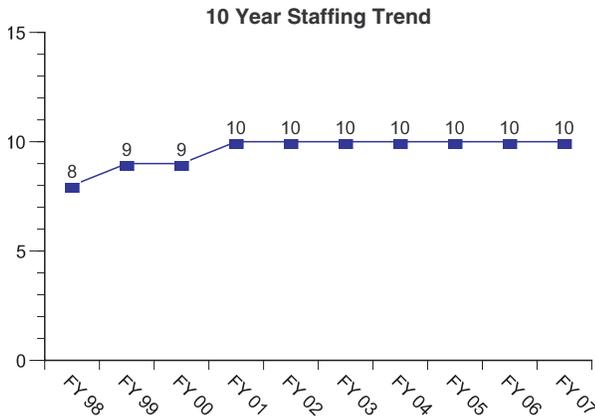
Performance Measure	2005 Business Plan	2006 Business Plan	How are we doing?
	Results	Target	
RELATIVE COST OF SAFETY AND WORKERS' COMPENSATION PROGRAM What: Shows the total expenditures of this program as a percent of total county expenditures. Why: Provides a constant measure of costs for all County departments.	The overall cost of this statutory benefit program was 1.26% of total county expenditures.	Remain 1% of total county expenditures.	Safety and Workers' Compensation Program costs for FY 2004-2005 were slightly over 1% of total county expenditures which is substantially lower than commercial insurance would have been.

FY 2005-06 Key Project Accomplishments:

- Development of the County's medical provider network which provides access to medical care for on the job injuries.
- Charges to county departments for this program are 29% 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 increased claims administrative responsibilities of the Workers' Compensation program required program adjustments and increased technology in order to meet the 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 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Projected Percent
Total Positions	10	10	10	10	0	0.00
Total Revenues	51,886,364	50,616,617	51,015,666	43,408,002	(7,607,664)	-14.91
Total Requirements	51,881,466	50,617,706	50,273,274	43,408,002	(6,865,272)	-13.66
Balance	4,898	(1,089)	742,392	0	(742,392)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Workers' Compensation Internal Service Fund in the Appendix on page A211

Highlights of Key Trends:

- Employee injury rates (8.8/100) continue to be below those of the average public entity loss history (8.9/100).
- Costs of workers' compensation 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 293 Operational Statement

Operating Detail (1)		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual (2)	Estimate (3)	Proposed Budget (4)	Final Budget (5)
OPERATING INCOME					
7590	Other Charges for Services	0	159,775	0	0
7710	Insurance Premiums	47,095,654	47,095,019	36,988,822	36,988,822
Total Operating Income		47,095,654	47,254,794	36,988,822	36,988,822
OPERATING EXPENSES					
Salaries & Benefits					
0100	Salaries and Wages	19,966	0	0	0
0101	Regular Salaries	589,419	491,061	627,046	627,046
0102	Extra Help	166	131	0	0
0103	Overtime	5,174	9,802	9,500	9,500
0104	Annual Leave Payoffs	3,193	12,847	56,030	56,030
0105	Vacation Payoff	7,856	80,166	0	0
0106	Sick Leave Payoff	9,820	105,273	0	0
0110	Performance Incentive Pay	3,430	0	5,597	5,597
0111	Other Pay	592	816	828	828
0200	Retirement	87,395	79,537	154,984	154,984
0204	County Paid Executive Deferred Compensation Plan	3,558	205	0	0
0301	Unemployment Insurance	(871)	961	750	750
0305	Salary Continuance Insurance	1,642	1,001	1,662	1,662
0306	Health Insurance	60,736	46,288	58,596	58,596
0308	Dental Insurance	2,754	1,820	2,736	2,736
0309	Life Insurance	611	382	576	576
0310	Accidental Death and Dismemberment Insurance	108	73	108	108
0319	Other Insurance	4,241	4,284	4,368	4,368
0352	Workers Compensation - General	16,284	17,040	11,178	11,178
0353	Workers Compensation - Benefits	0	0	0	0
0401	Medicare	4,811	6,223	7,697	7,697
Total Salaries & Benefits		820,884	857,910	941,656	941,656
Services & Supplies					
0700	Communications	0	0	8,784	8,784
0701	Telephone/Telegraph - Interfund Transfer	8,843	5,631	0	0
1000	Household Expense	9,952	12,136	14,640	14,640



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Operating Detail (1)		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual (2)	Estimate (3)	Proposed Budget (4)	Final Budget (5)
1001	Household Expense - Trash	254	347	0	0
1100	Insurance	3,220	0	4,760	4,760
1300	Maintenance - Equipment	1,231	1,500	1,500	1,500
1400	Maintenance - Buildings and Improvements	8,165	10,778	10,000	10,000
1600	Memberships	75	75	100	100
1800	Office Expense	5,551	6,000	10,000	10,000
1801	Duplicating Services (RDMD/Reprographics)	10,801	4,854	5,000	5,000
1803	Postage	1,490	1,750	1,750	1,750
1809	Minor Office Equipment to be Controlled	2,376	34,010	10,000	10,000
1900	Professional and Specialized Services	2,546,564	2,809,414	2,929,842	2,929,842
1911	CWCAP Charges	49,532	279,265	280,000	280,000
2100	Rents and Leases - Equipment	309	156	2,000	2,000
2200	Rents and Leases - Buildings and Improvements	7,069	7,900	10,000	10,000
2400	Special Departmental Expense	2,229	3,500	5,000	5,000
2405	Optional Benefit Plan	9,500	6,000	9,000	9,000
2600	Transportation and Travel - General	0	8,100	17,900	17,900
2601	Private Auto Mileage	218	282	500	500
2602	Garage Expense	6,359	12,072	15,000	15,000
2700	Transportation and Travel - Meetings/ Conferences	3,194	7,680	10,000	10,000
2800	Utilities	3,523	14,413	16,000	16,000
2801	Utilities - Purchased Electricity	3,933	8,652	9,000	9,000
2802	Utilities - Purchased Gas	4	50	50	50
2803	Utilities - Purchased Water	134	314	300	300
2890	Intra-Agency Services & Supplies Billing Offsets	(16,284)	(17,040)	(11,178)	(11,178)
	Total Services & Supplies	2,668,242	3,217,839	3,359,948	3,359,948
Other Charges					
3520	Insurance Claims*	48,348,031	46,138,448	39,020,165	39,020,165
	Total Other Charges	48,348,031	46,138,448	39,020,165	39,020,165
Miscellaneous					
5300	Depreciation	1,548	1,089	544	544
	Total Miscellaneous	1,548	1,089	544	544
	Total Operating Expenses	51,838,704	50,215,286	43,322,313	43,322,313
	Net Operating Income (Loss)	(4,743,050)	(2,960,492)	(6,333,491)	(6,333,491)
NON-OPERATING REVENUE					
6610	Interest	961,436	1,986,766	3,500,000	3,500,000

Operation of Internal Service Fund 293 Operational Statement

Operating Detail (1)		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual (2)	Estimate (3)	Proposed Budget (4)	Final Budget (5)
7130	Other Governmental Agencies	477	(2,562)	0	0
7670	Miscellaneous Revenue	360,573	158,192	326,244	326,244
Total Non-Operating Revenue		1,322,486	2,142,396	3,826,244	3,826,244
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	39,710	57,989	84,000	84,000
5400	Loss or Gain on Disposition of Assets	3,052	0	0	0
Total Non-Operating Expenses		42,762	57,989	84,000	84,000
Net Non-Operating Income (Loss)		1,279,725	2,084,407	3,742,244	3,742,244
Income (Loss) Before Contributions & Transfers		(3,463,326)	(876,085)	(2,591,247)	(2,591,247)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
Income (Loss) Before Contributions & Transfers		(3,463,326)	(876,085)	(2,591,247)	(2,591,247)
7810	Interfund Transfers In - from Fund 100	3,462,734	1,610,075	1,850,000	1,850,000
4802	Interfund Transfers Out - to Funds 2AA-299	0	0	(1,689)	(1,689)
Changes to Reserves - Encumbrance - (Inc)/Dec.		592	2,413	0	0
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		4,899	1,089	544	544
Increase (Decrease) in Net Assets - Unrestricted		4,899	737,492	(742,392)	(742,392)
Net Assets - Unrestricted - Beginning of Year		0	4,899	742,392	742,392
Net Assets - Unrestricted - End of Year		4,899	742,392	0	0

*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.

