

Date: February 11, 2008

Committee Meeting Date: February 21, 2008

Board Meeting Date: N/A

INFORMATION ITEM

**BOARD MEMORANDUM**

**TO:** Administration and Finance Committee  
Santa Clara Valley Transportation Authority  
Board of Directors

**THROUGH:** Michael T. Burns  
General Manager

**FROM:** Joseph T. Smith  
Chief Financial Officer

**SUBJECT:** Second quarter FY 2008 Report of Workers' Compensation Claims and  
Transitional Work Program

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**FOR INFORMATION ONLY**

**BACKGROUND:**

VTA is self-insured for Workers' Compensation benefits and utilizes the services of a third party administrator (TPA) for claims adjusting to provide benefits to injured employees as required by the California Labor Code. As of July 1, 2007, VTA has retained the services of Tristar Risk Management as our new TPA.

**DISCUSSION:**

In second quarter FY 2008 VTA experienced a 4% decrease in Workers' Compensation claims with 81 claims reported, compared to 84 claims reported for second quarter FY 2007. (See Attachment A) There was a decrease in lost workdays for new claims reported in the second quarter FY 2008 (316 days) compared to second quarter FY 2007 (334 days). Lost workdays for all dates of injury decreased by 3% when compared to the data from second quarter 2007.

Payments decreased by \$373,790 or 24% in comparison to second quarter FY 2007. (See Attachment B)

## **Second Quarter Comparison**

<b>Category</b>	<b>FY 2008</b>	<b>% Change</b>	<b>FY 2007</b>
Number of Employees	2,063	0	2,062
New Claims Reported	81	(4%)	84
New Claims Lost Work Days	316	(5%)	334
Number of Open Claims	664	(17%)	801
Open Reserve	\$18,005,185	(20%)	\$22,555,587
Payments	\$1,182,620	(24%)	\$1,556,410
Lost Work Days	2,087	(3%)	2,148

In spring 2007 staff submitted a new model for administering Workers' Compensation claims to the Board, with requests for authorization to award contracts to implement the model. The Board authorized award of 3 new contracts (for a third party administrator, a medical management company and a bill review service) to create the new program.

The program continues to demonstrate cost reduction in payments. In addition, since July 1, 2007, the new Third Party Administrator's review and closure of claims has produced a \$4,550,402 reduction in overall reserves, a 20% decrease.

## **Transitional Work Program**

In the second quarter FY 2008, 60 employees participated in the Transitional Work Program. Of the participants, 36 entered the program as a result of industrial injury. This has produced a savings of industrial injury temporary disability payments of \$101,674.

## **Top Cause of Injury by Frequency and Severity**

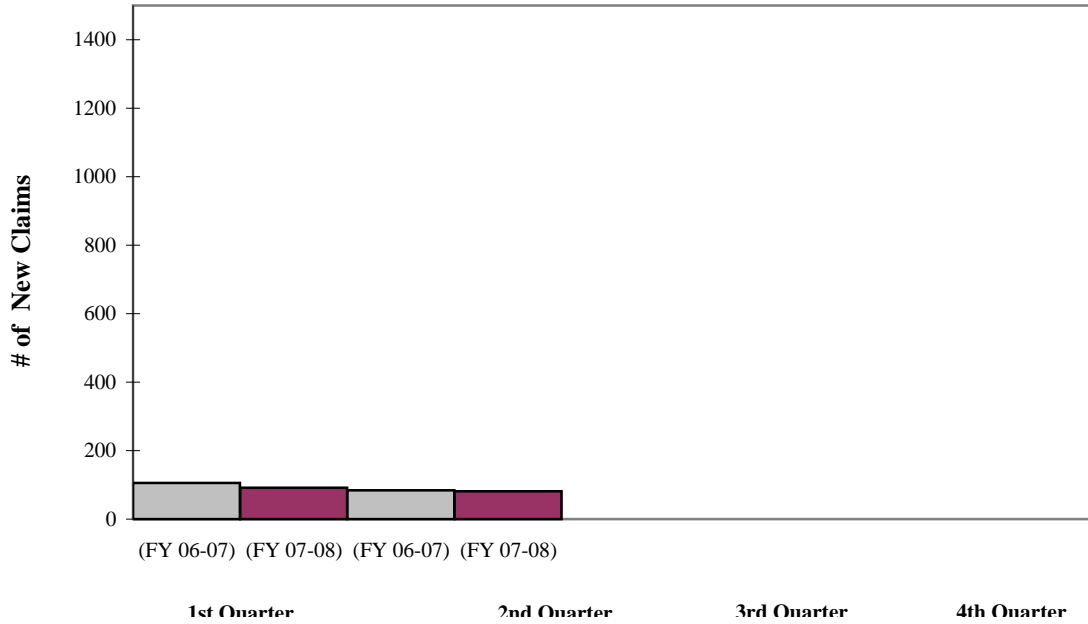
Back injuries were the top claims reported for frequency and severity with 16 claims. The 16 back claims accounted for 17% of the total new reserves. This is a 24% decrease from the 21 back claims reported in the second quarter of FY 2007. The 13 knee claims were more severe accounting for 23% of the total new reserve. Shoulder claims were the third most frequent injury type with 7 claims reported and 2% of the total new reserve.

Risk Management continues to conduct monthly Risk Analysis meetings with Division Superintendents to discuss loss trends and corrective actions.

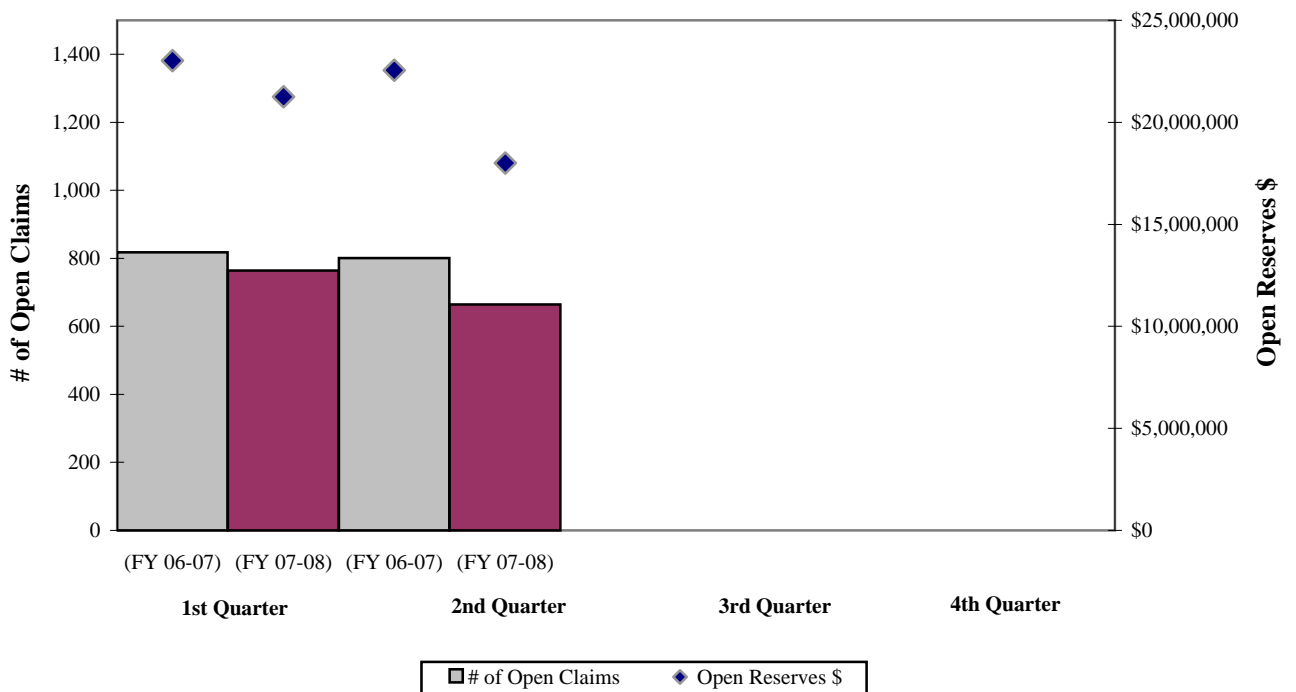
Prepared by: Nanci G. Eksterowicz, Risk Manager

**Enterprise Risk Management  
Workers Compensation Claims Report  
2nd Quarter FY 2008 Claims Activity  
Fiscal Resource Division**

**New Claims**



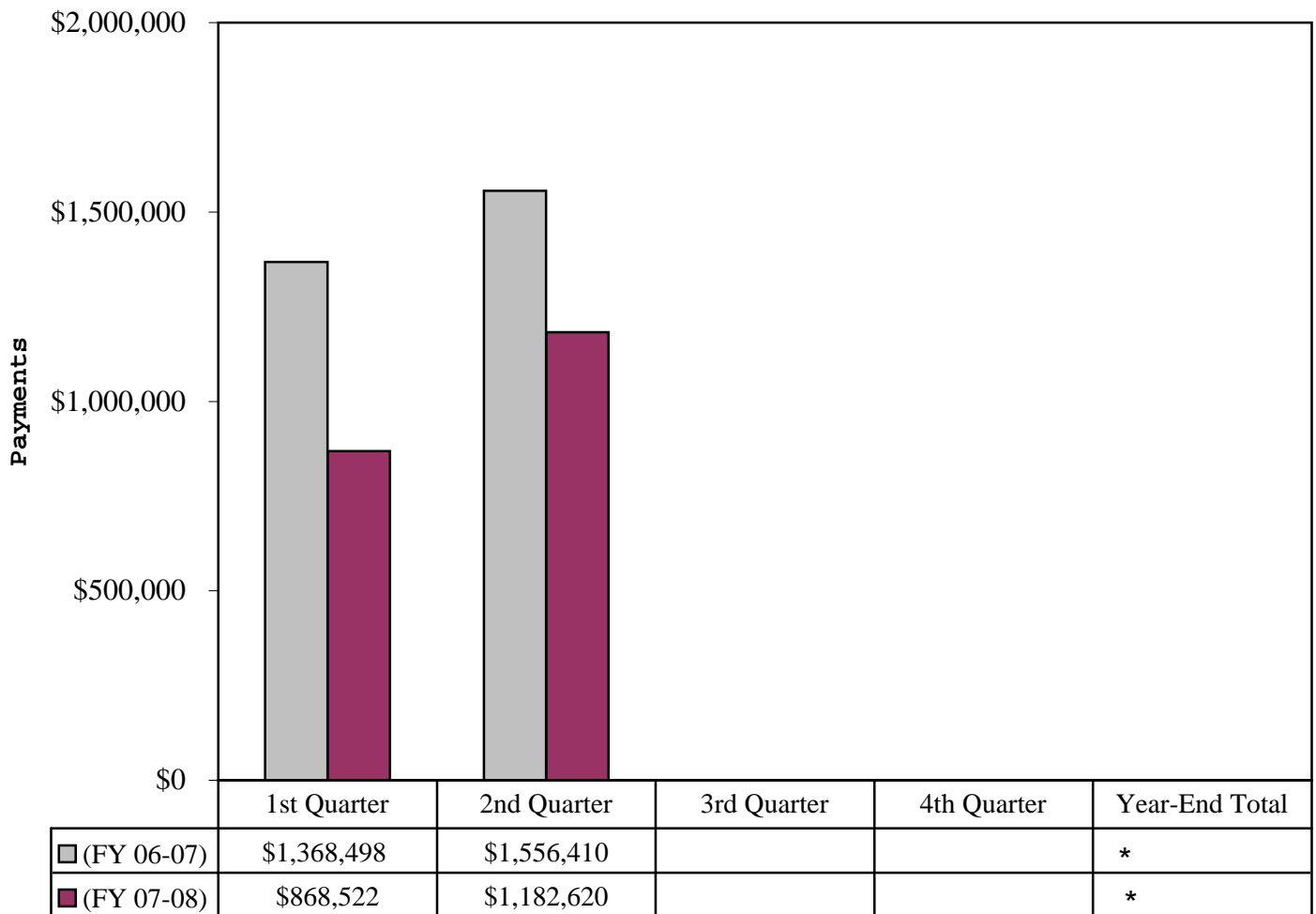
**Open Claims/Reserves**



**Enterprise Risk Management  
Workers Compensation Claims Report  
2nd Quarter Payment Comparison  
Fiscal Resource Division**

**Attachment B**

**Comparison of FY 2007-2008  
2nd Quarter Payments**



\*Year-End Total incorporates financial adjustments on a quarterly basis.