



Legislation Details (With Text)

File #: 19-0383 **Version:** 1

Type: Agenda Item **Status:** Approved

File created: 3/6/2019 **In control:** Board of Supervisors

On agenda: 3/12/2019 **Final action:** 3/12/2019

Title: Human Resources Department, Risk Management Division, recommending the Board approve and authorize the Chair to sign a budget transfer increasing use of Risk Management Internal Service Fund fund balance and expense appropriations by \$3,455,349 within the Risk Management Division Workers' Compensation Operating Budget to fund claims incurred prior to the transition to the Primary Workers' Compensation Program. (4/5 vote required) (Est. Time: 5 Min.)

FUNDING: Risk Management Internal Service Fund.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A -Workers' Comp Budget Transfer 19-0383, 2. Executed Budget Transfer

Date	Ver.	Action By	Action	Result
3/12/2019	1	Board of Supervisors	Approved	Pass

Human Resources Department, Risk Management Division, recommending the Board approve and authorize the Chair to sign a budget transfer increasing use of Risk Management Internal Service Fund fund balance and expense appropriations by \$3,455,349 within the Risk Management Division Workers' Compensation Operating Budget to fund claims incurred prior to the transition to the Primary Workers' Compensation Program. (4/5 vote required) (Est. Time: 5 Min.)

FUNDING: Risk Management Internal Service Fund.

DISCUSSION / BACKGROUND:

On August 28, 2018, the Board approved first-dollar workers' compensation insurance coverage through the Primary Workers' Compensation Program, covering new claims beginning September 1, 2018. The cost of the prorated premium was \$3,455,349 for the 2018-19 Fiscal Year.

As part of this action, the Board eliminated the \$300,000 self-insured retention for workers' compensation. However, the County is still responsible for costs related to those existing "tail" claims for industrial illnesses or injuries that occurred prior to the change in coverage.

For Fiscal year 2018-19, a full year of claims through York was budgeted in order to provide funding for any claims of \$300,000 or less. With the change to fully-insured from the first dollar, it was anticipated that the tail claims cost would decrease within the fiscal year.

Due to the payments for the tail claims, the workers' compensation program expenses are projected to exceed the budgeted amounts prior to the end of the fiscal year. While over time the costs of these tail claims will decrease, due to variable time periods and costs of the claims, as well as the payment for new insurance coverage, it is necessary to make use of existing Risk Management Internal Service fund balance.

For the current fiscal year, the Risk Management Internal Service Fund is funded at approximately 90% confidence level; in the past the Board has approved funding at a 70% confidence level. Therefore, there is sufficient funding available to cover these expenses. The transfer of \$3,455,349 from the Risk Management Internal Service Fund Balance would provide for additional funds to pay these claims through the end of the fiscal year.

ALTERNATIVES

The County would be unable to fund Worker's Compensation claims.

PRIOR BOARD ACTION

Legistar # 18-1218 Final action August 28, 2018.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

N/A

CAO RECOMMENDATION / COMMENTS

It is recommended that the Board approve this item.

FINANCIAL IMPACT

This action would increase the appropriations within the Workers' Compensation operating budget by \$3,455,349. The funds would be transferred from the Risk Management Internal Service Fund. Any balance remaining at the end of the fiscal year would go into the Risk Management Internal Service Fund balance. There would be no use of General Fund.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Obtain the Board Chair's signature on the budget transfer and deliver to the Auditor-Controller's Office.

STRATEGIC PLAN COMPONENT

Good Governance.

CONTACT

Maryellen Peters, Assistant Director of Human Resources
Tameka Usher, Director of Human Resources