



Workers' Compensation Presentation

~Claims Data and
Trends

~Self-Insurance Fund

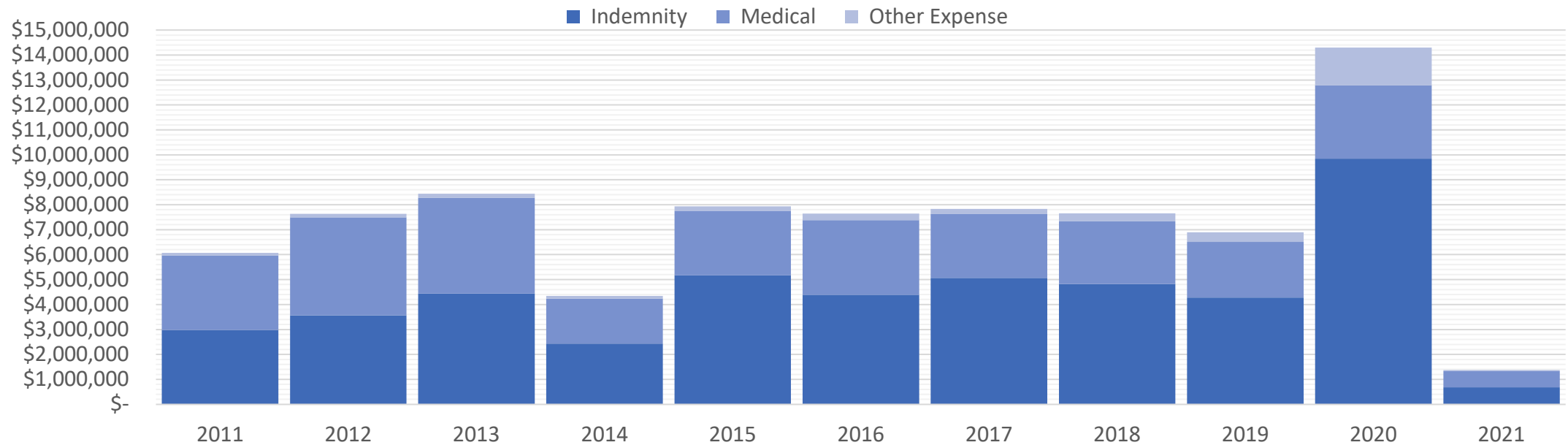
Finance and Property Services
Department

October 6, 2021

Overview of Presentation

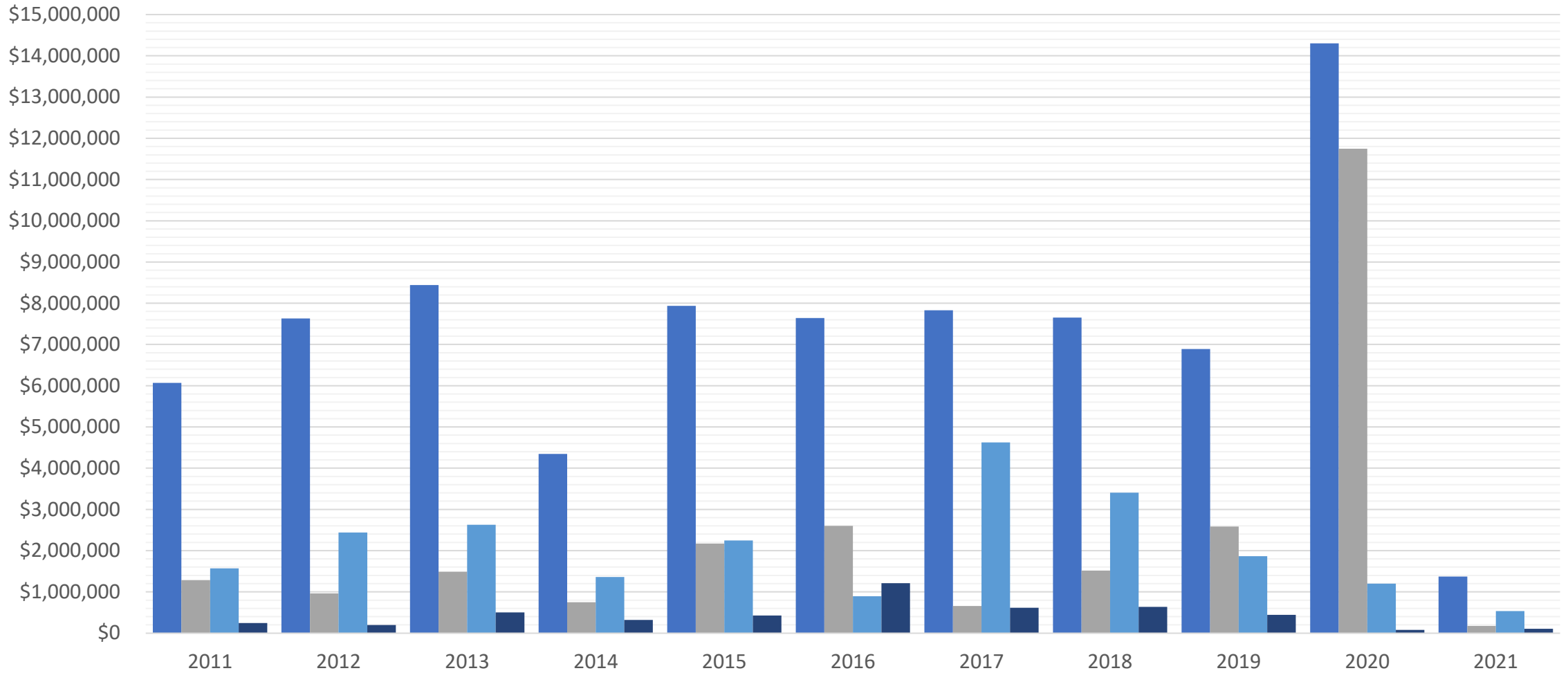
- Workers' Compensation Claims Data and Trends
- Workers' Compensation Self-Insurance Fund

Annual Workers' Compensation Cost by Date of Injury



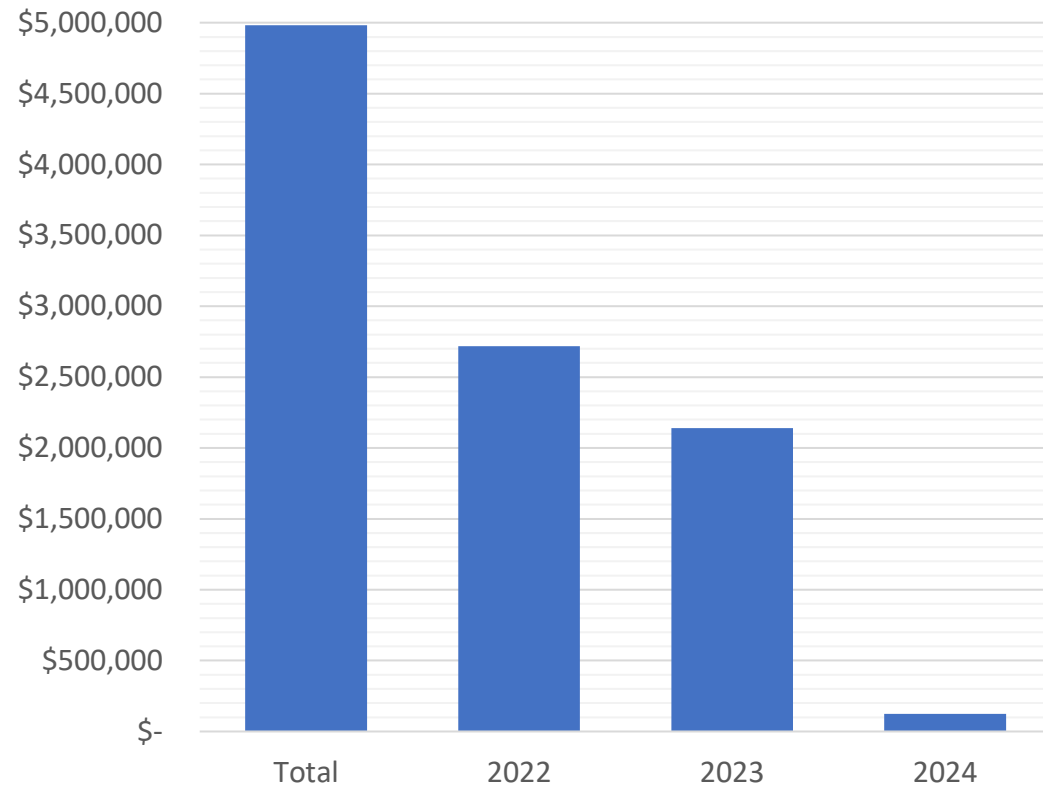
Comparative Workers' Compensation Costs City-Wide, MPD, MFD and PW

■ City-wide ■ MPD ■ MFD ■ PW



Cash Flow Strategy – Future Payments

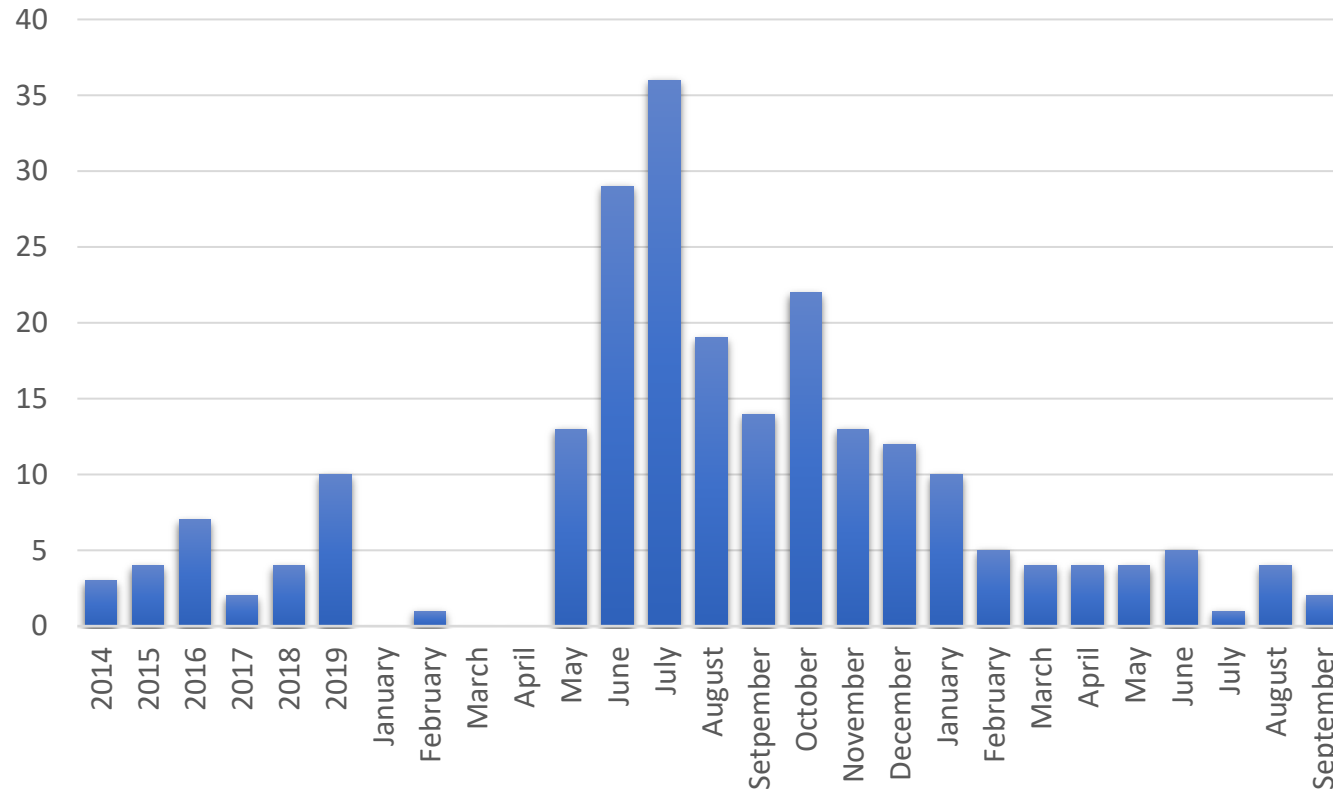
Deferred Payments 2022-2024



- Many of the workers' compensation settlements negotiated in 2021 include deferred payments, which will help with cash flow.
- Approximately 90% of deferred payments relate to claims filed in 2020
- Over 95% of deferred payments relate to MPD claims

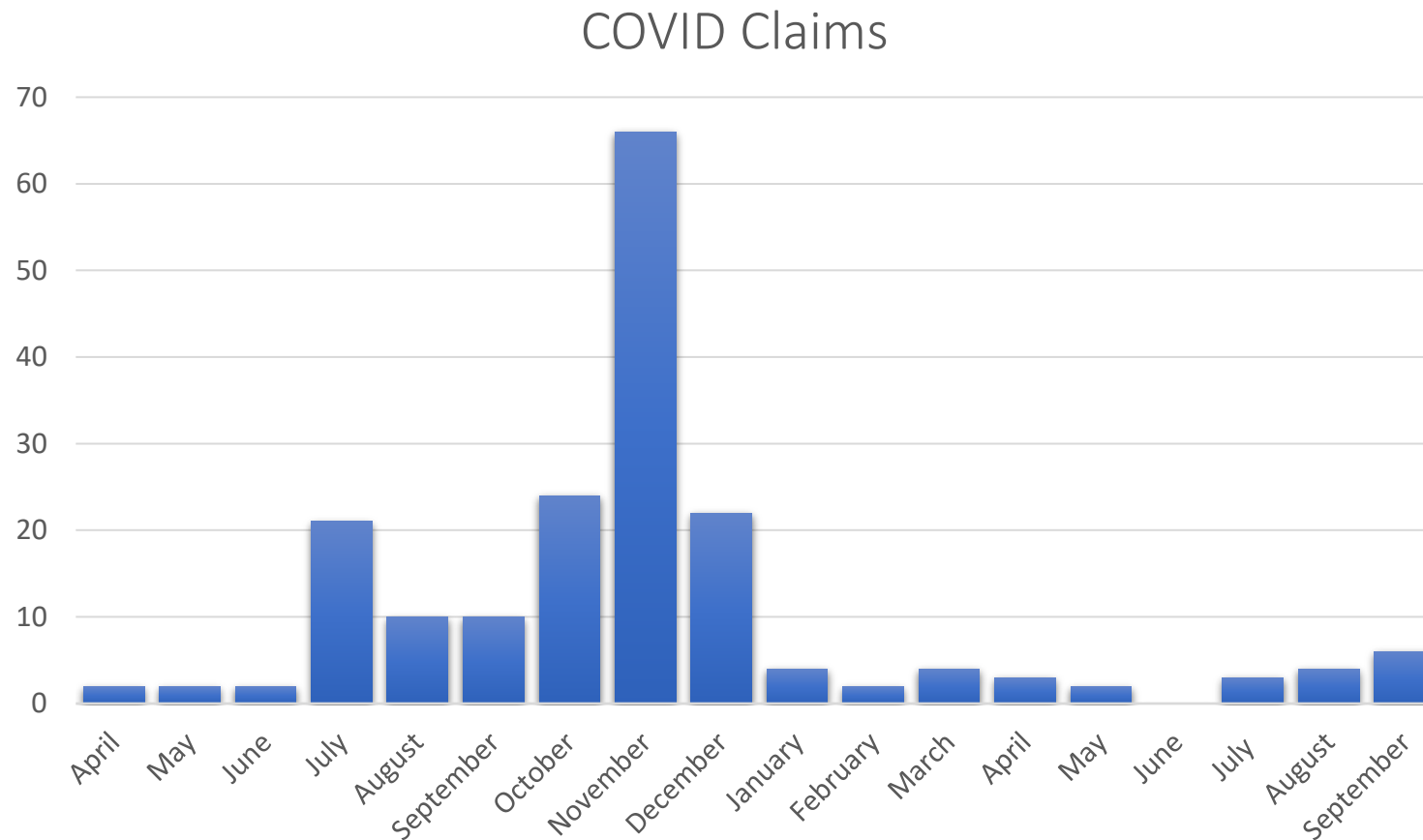
Post Traumatic Stress Disorder

PTSD Claims 2014 - Present




- 2014 PTSD became a compensable injury in Minnesota
- 2018 legislature established a rebuttable legal presumption, beginning January 1, 2019, that an emergency responder who is diagnosed with PTSD acquired it at work
- Although PTSD can be successfully treated, the City of Minneapolis cannot designate who an employee must treat with and the precise type of treatment
- Each individual case is extensively reviewed to determine whether the City will accept, deny, or attempt to mediate the claim

Pandemic-related Claims

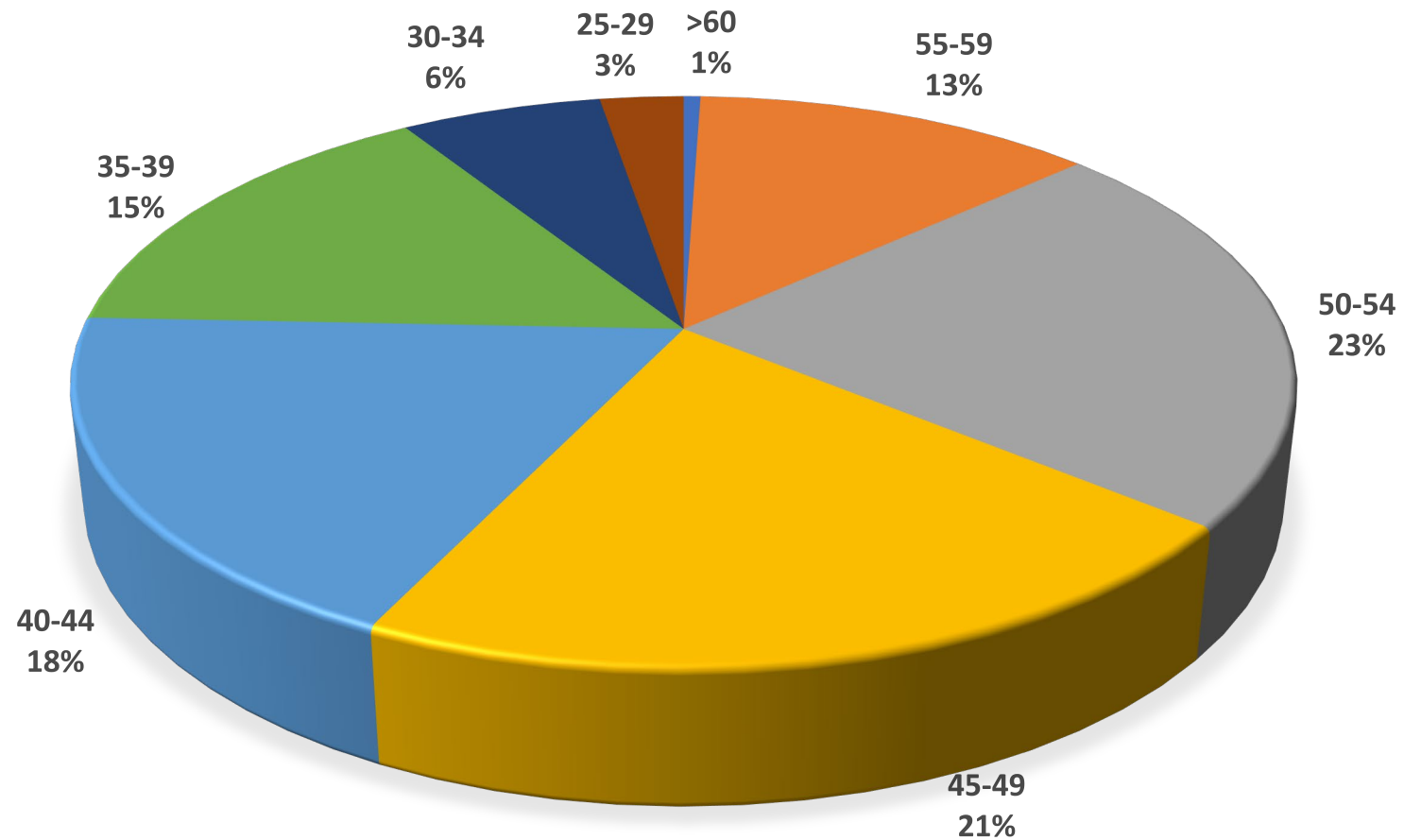


- COVID-19 is a compensable WC injury for all employees
- Presumption for emergency responders
- The cost of wage loss due to COVID was born primarily by the departments rather than the WC self-insured fund

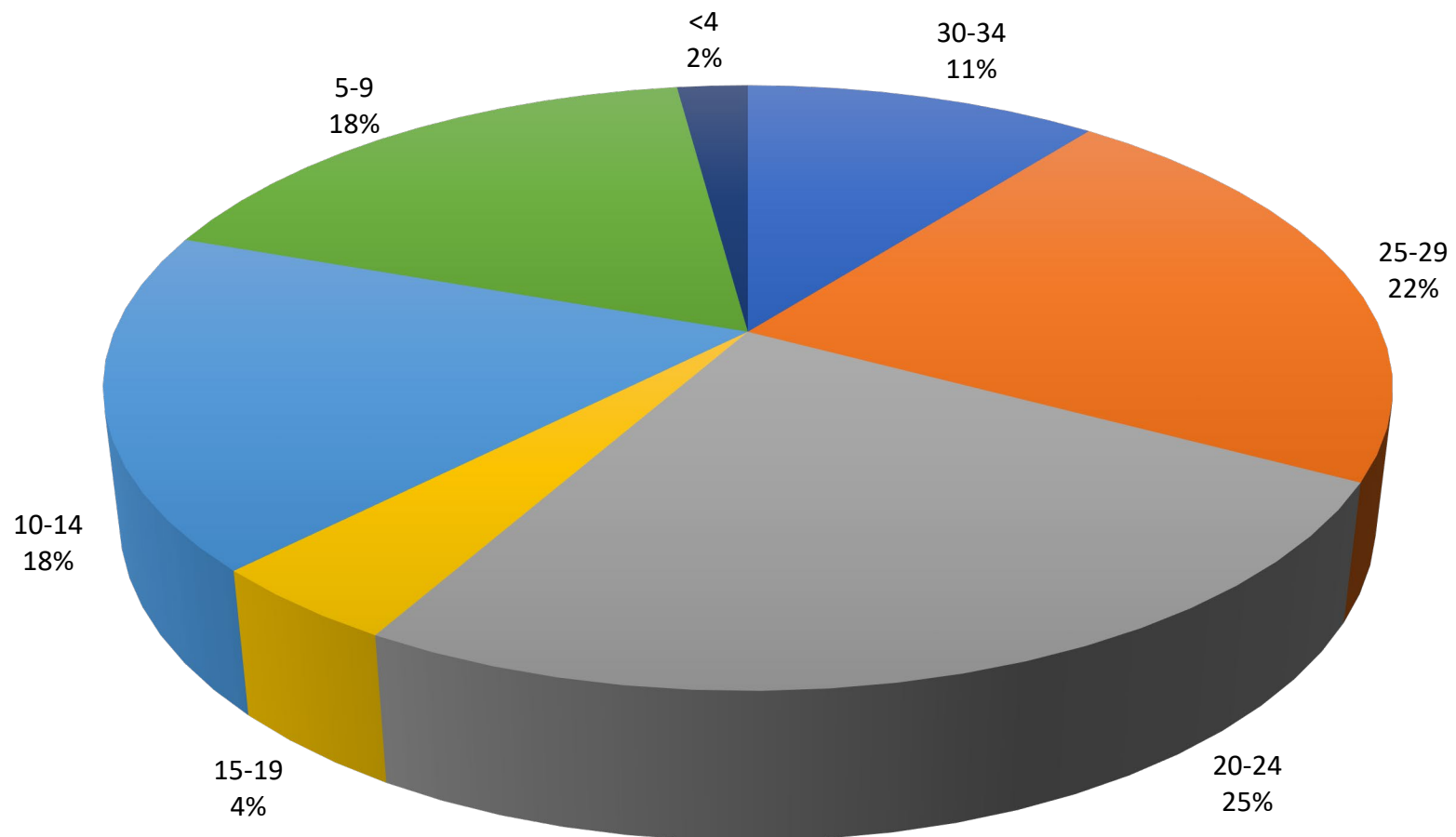
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PTSD Claims Data Demographics

Number of PTSD Claims by Age
189 Claims
(May 25, 2020 - September 2, 2021)



Number of PTSD Claims By Years of Service
189 Claims
(May 25, 2020 - September 2, 2021)





Self-Insurance Fund

Made up of six sub-funds each dedicated to a specific purpose:

- Risk Management Administration and CAO (Thru 2021)
- Medical Self-Insurance
- Dental Self-Insurance
- Workers' Compensation Self-Insurance
- Liability Self-Insurance
- Sick Leave Severance

Self-Insurance Cash Balance

(Settlements Approved but Not Paid are Not Reflected Below)

Sub Fund Description	Cash Balance at 12/31/2020	2021 Cash Changes through August	Cash Balance at 8/31/2021
Internal Service - Admin/CAO	\$ 5,834,021	\$ (16)	\$ 5,834,005
Medical Self-Insurance	28,521,474	5,837,864	34,359,339
Dental Self-Insurance	1,349,445	80,759	1,430,204
Workers' Compensation Self-Insurance	32,316,227	(2,982,759)	29,333,468
Liability Self-Insurance	23,364,320	31,305,625	54,669,945
Sick Leave Severance Reserve	16,745,751	(512,943)	16,232,808
TOTAL CASH ALL FUNDS	\$ 108,131,238	\$ 33,728,531	\$ 141,859,769

Self-Insurance Net Position

(Settlements Approved but Not Paid are Not Reflected Below)

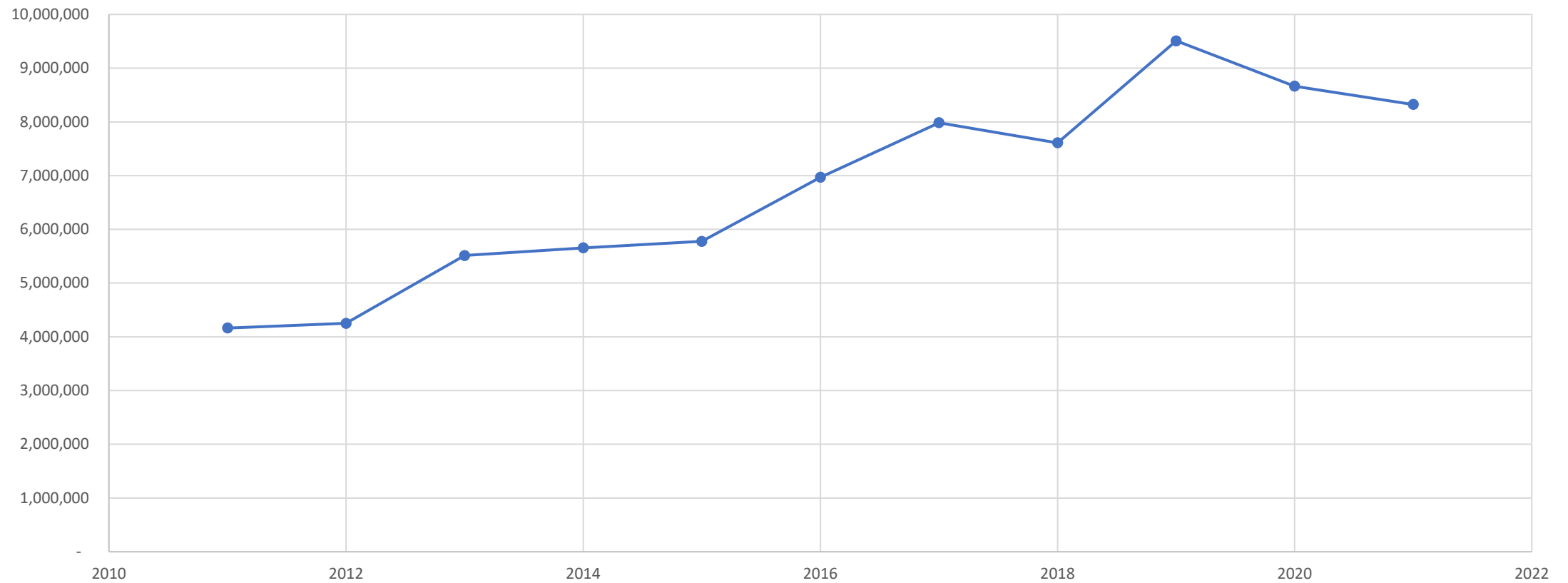
Sub Fund Description	Net Position at 12/31/2020	2021 Changes to Net Position through August	Net Position at 8/31/2021
Internal Service - Admin/CAO	\$ (3,116,875)	\$ 274,319	\$ (2,842,556)
Medical Self-Insurance	22,188,338	5,677,016	27,865,354
Dental Self-Insurance	1,209,377	220,827	1,430,204
Workers' Compensation Self-Insurance	(15,836,206)	(4,046,011)	(19,882,217)
Liability Self-Insurance	(103,200,585)	33,939,585	(69,261,000)
Sick Leave Severance Reserve	916,413	(442,812)	473,601
TOTAL NET POSITION ALL FUNDS	\$ (97,839,538)	\$ 35,622,923	\$ (62,216,615)



Finance Considerations and Financial Planning

- Cash Flow
- Annual Actuarial Study
- Allocation Model
- Budget - Internal Service Charges
- Budget - Transfers
- Five Year Financial Plan

Workers' Compensation Expenditures by Year Paid (Excluding Administrative Costs)



Self-Insurance Charges to Departments (Allocation Model Charges)

Department	Year				
	2018	2019	2020	2021	2022
Fire	\$ 2,738,642	\$ 3,021,059	\$ 3,300,712	\$ 4,022,040	\$ 3,978,450
Police	2,847,845	2,945,762	3,224,230	3,243,744	10,004,390
Public Works	4,193,619	4,286,799	4,678,674	4,729,663	4,008,642
All Other	1,626,024	1,657,838	1,805,908	1,740,706	1,310,844
Total	\$ 11,406,130	\$ 11,911,458	\$ 13,009,524	\$ 13,736,152	\$ 19,302,326

Financial Planning

- Claims are paid over time in accordance with WC laws
- Settlements are usually paid over multiple years for cash flow purposes and to allow for adjusting and increasing allocation charges before full payments are made
- Annual Actuarial to determine next years' allocation model charges
 - Actuarial study reflects past higher claims
- Budget charges to departments adjusted annually
- Long range planning annually with consideration of claim volume and costs
- Transfers may be made into the fund if needed

