



**West Virginia State Agency
Workers' Compensation (SAWC)
Annual Report**

September 2017



STATE AGENCY WORKERS' COMPENSATION PROGRAM (SAWC) OVERVIEW

In March 2011 [H.B. 3163](#) was passed by the Legislature. This bill enabled the creation of the state agency workers' compensation (SAWC) Program. Prior to July 2011, all state agencies, boards and commissions had separate policies written by BrickStreet Insurance. BrickStreet Insurance agreed to combine all agencies into a single policy effective July 1, 2011 and was written for three (3) months to allow time to implement all aspects of the enabling statute including a request for proposal process, data analysis of the agencies experience and compilation of data gathering from the participating agency members. On October 1, 2011, the SAWC policy coverage was written by Zurich Insurance Company. The policy remained with Zurich Insurance Company through June 2017. On July 1, 2017, the SAWC policy transitioned to BrickStreet Insurance Company through a RFP (Request for Proposal) process.

As the state agency workers' compensation program (SAWC) enters its seventh policy year, the program continues to realize a positive trend with decreased frequency and severity of claims and losses. The program currently includes 107 agencies, boards and commissions with nearly 900 locations across our state. It is estimated that approximately 24,000 public employees are covered under this consolidated policy. As the plan administrator, the West Virginia Offices of the Insurance Commissioner (WVOIC) continually monitors and evaluates loss trends and exposures to determine if they are being properly addressed as well as make safety recommendations to mitigate workplace injuries. This report outlines specific portions of the program's administration including safety visits and recommendations, policy experience rating factors, claims trending and summaries, as well as future focus areas for specific agencies.

SAFETY VISIT SUMMARY

Safety visits and evaluations continue to play an important part in all aspects of the SAWC Program. During the first SAWC policy year (October 2011), all plan members were visited by a safety professional to assess the agency and location for the potential loss exposure and risk. After the initial visitations to all agencies and follow-up reports were evaluated, it was determined that future safety resources should be focused on agencies with a higher frequency and severity of losses. The safety visits and inspections have become more specialized and are now focused on the agencies experiencing the highest losses rather than all plan members. The table below outlines the number of visits performed by policy year by Zurich's safety team and the SAWC Program Manager.

Policy Year	Number of Visits
2011	109
2012	102
2013	81
2014	90
2015	93
2016	90
Total	565

The SAWC Program Manager and BrickStreet Insurance Company will continue to provide safety and loss visits, evaluations and recommendations to all agencies in the 2017 and subsequent policy years.

SAFETY AND RETURN TO WORK INITIATIVES

Many of the SAWC Program members have welcomed the safety initiatives and have worked diligently in implementing suggestions for improvement from the safety professionals. These initiatives include:

- ✦ Establishing safety committees
- ✦ Using slip resistant shoes to reduce slips, trips and falls
- ✦ Implementing an exercise program (stretch and flex) prior to beginning strenuous job duties
- ✦ Establishing transitional work assignments that provide employees the opportunity to return to work on a limited basis (Return to Work Program)
- ✦ Ergonomic assessments of employees performing repetitive functions
- ✦ Providing safety information related to using chain saws, log splitters, lawn mowers, and weed eaters
- ✦ Incident and accident investigation training
- ✦ Defensive drivers training
- ✦ Developing Emergency Action Plans
- ✦ Training on safe lifting techniques
- ✦ Fire prevention and fire safety training
- ✦ Using floor scrubbers with degreasers to reduce slips, trips and falls
- ✦ Repairing flooring to decrease the number of slips, trips and falls
- ✦ Workplace violence training

- 👉 Enhanced patient observation by using cameras to reduce workplace violence
- 👉 Industrial hygiene studies were completed to address noise and air quality
- 👉 Industrial hygiene survey was completed related to airborne contaminants
- 👉 Assessing exposures related to carbon monoxide and placing detectors in proper locations
- 👉 Safe driving video was produced and distributed to all SAWC members
- 👉 Training for using first-aid for minor injuries
- 👉 BRIM, Fleet Management and OIC site visits to agencies to discuss strategies for reducing Motor Vehicle Accidents (MVA).

Many state agencies have already implemented safety programs or are in the process of implementing safety committees, policies and procedures. Some notable safety initiatives that have been developed and implemented include:

- 👉 **Department of Health and Human Resources** – Safety Committee Development, Workplace Violence Prevention Training, Return to Work Program, and installation of video cameras in some locations.
- 👉 **Department of Veterans Assistance** – Workplace Violence Prevention Training and Return to Work Program
- 👉 **Department of Military Affairs** – Conjoined efforts between the Division of Corrections, the Division of Juvenile Services, and the Regional Jail and Correctional Facility Authority have established a Shared Services Multi-Agency Safety Committee, Workplace Violence Prevention Training, and Return to Work programs have been implemented throughout each division.
- 👉 **Division of Natural Resources** – Implemented a statewide Return to Work program for all park systems and all DNR operations.
- 👉 **Division of Highways** – Slip, Trip and Fall Training, Confined Space Training, Silica Training, and additional OSHA training.

The WVOIC has worked extensively with Zurich, BrickStreet and SAWC Program members to develop Return to Work Programs. The Return to Work Programs have been finalized and implemented by several SAWC Program members. SAWC Program members have implemented functional return to work programs and continue to look for ways to improve the process for returning injured workers to the workplace. This is a critical area of success for the program and all agencies are encouraged to focus on implementing and maintaining an effective return to work program. The SAWC Program Manager is continuously monitoring the success of the program and is providing support to agencies that face challenges related to return to work program implementation.

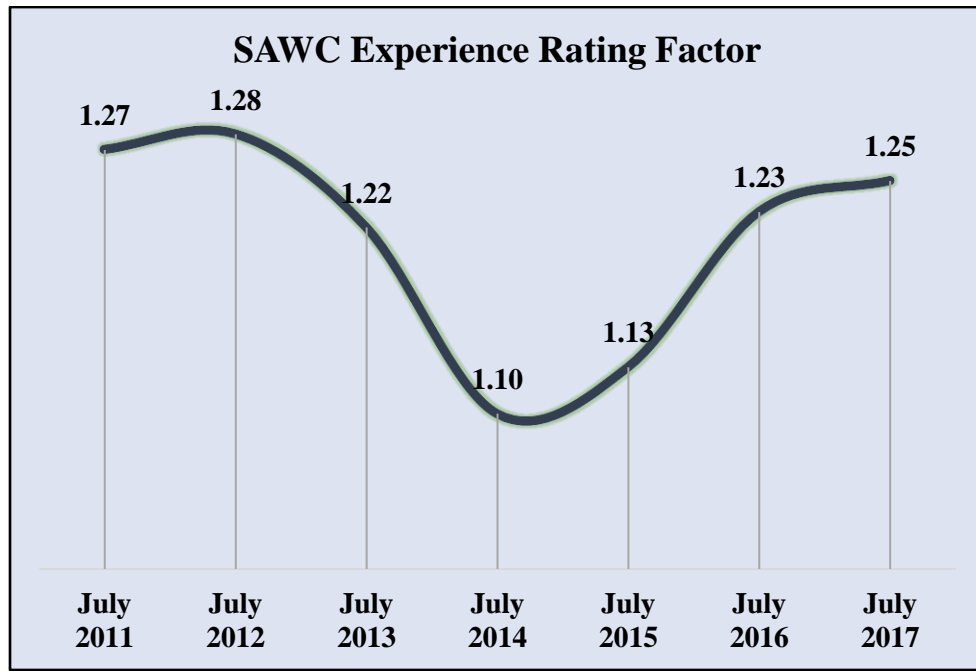
SAWC EXPERIENCE RATING FACTOR (EMOD)

An experience rating factor (emod) is an industry standard calculation performed by the West Virginia statistical agent, NCCI, that compares a policy’s expected losses to actual losses for a three (3) year period. An emod can increase or decrease premium based on a policy’s loss experience. If an insured has actual losses that are greater than the expected losses, a debit emod is applied to the policy. If an insured has less actual losses than expected losses, a credit emod is applied. The chart below illustrates how an experience rating factor impacts final premium.

	Agency A	Agency B
Payroll	\$1,000,000	\$1,000,000
Rate	\$3.50	\$3.50
Manual Premium	\$35,000	\$35,000
Experience Rating Factor	1.10	0.90
Modified Premium	\$38,500	\$31,500
Schedule Rating Credit	25%	25%
Standard Premium	\$28,875	\$23,625

Through the hard work of the state agencies and the WVOIC employees, the SAWC Program emod has decreased from 1.27 on the July 2011 policy to 1.25 for the July 2017 policy. The emod increase from the July 2014 policy includes the claim and loss effects from the 2012 derecho and 2012 Superstorm Sandy as well as several fatal claims and severe motor vehicle accidents.

The chart below shows the experience rating factor progression throughout the SAWC Program by policy year:



The aggregate policy emod is shown above, individual agency emods are calculated to allocate the premium by the risk and loss experience that each agency provides to the program. For the July 2017 policy, the individual agency emods summary is as follows:

Emod Range	Agency Count
Less than 1.00	21
Equal to 1.00	62
Greater than 1.00	24

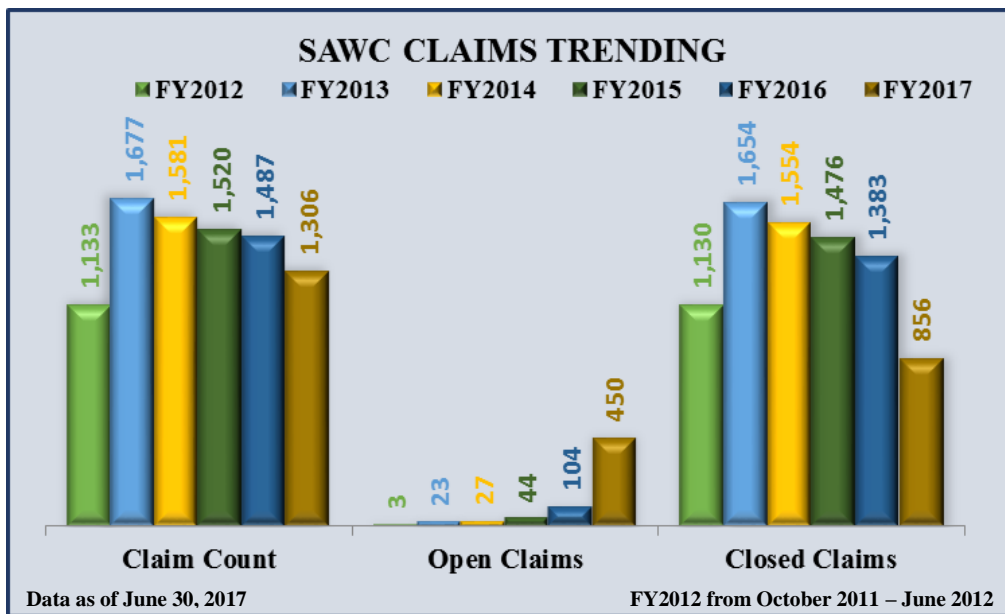
The agencies with the lowest emods are Department of Environmental Protection (0.47) and the Department of Education (0.54). The Offices of the Insurance Commissioner continues to have one of the lowest emods at 0.77. The agencies with the highest emods are Mildred Mitchell Bateman Hospital (2.15) and Regional Jail and Correctional Facility (2.15).

There were five (5) agencies that experienced a 25% decrease for the FY2018 emod from the FY2017 emod. Those agencies were:

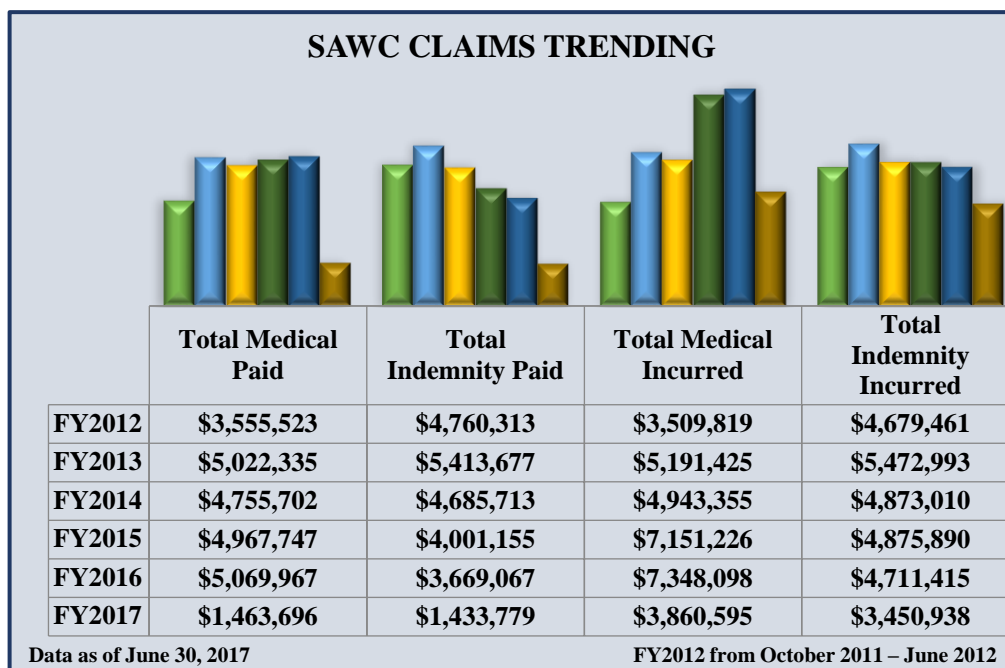
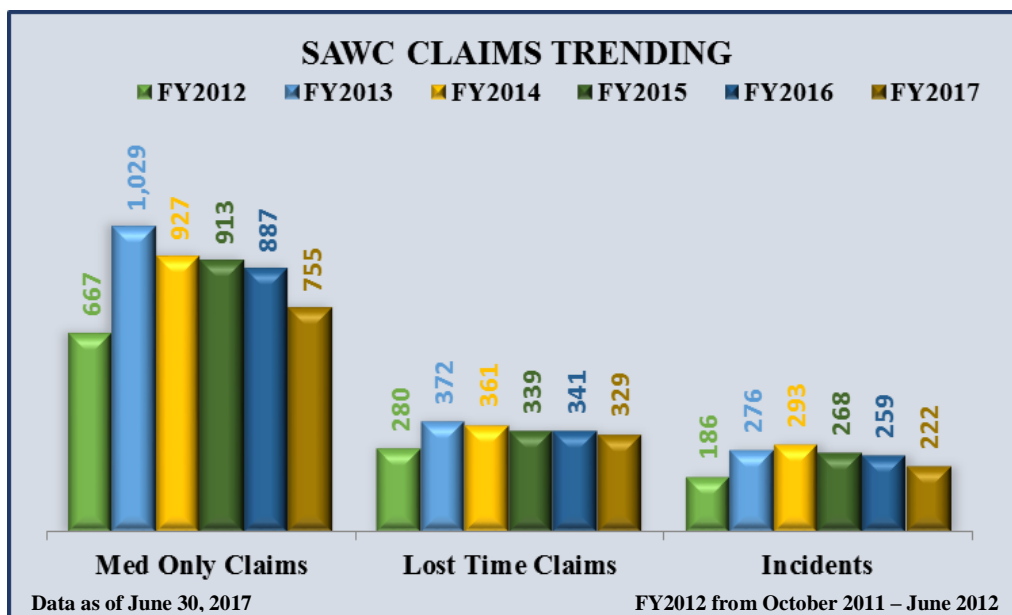
- 👉 Jackie Withrow Hospital – from 2.71 to 2.03
- 👉 Department of Veteran’s Assistance – from 2.07 to 1.55
- 👉 Civil Contingent Fund – from 1.54 to 1.16
- 👉 Division of Culture and History – from 1.35 to 1.01
- 👉 Division of Protective Services – from 1.13 to 0.85

SAWC CLAIMS SUMMARY

As of June 30, 2017 there have been 8,704 SAWC claims submitted to Zurich since October 2011. The charts below represent claims trending analysis by fiscal year:



Of the 8,704 total claims reported to Zurich, 1,504 have resulted in being closed with no payments (incidents) for a 17.3% incident rate.



As indicated by the trending charts, the SAWC Program is realizing a decrease in the frequency of claims over the last five (5) years. When considering the change in claim count from FY2013 through FY2017, the frequency decreased 22.1%. The average incurred cost per claim decreased 23% from FY2013 (\$7,814) through FY2017 (\$6,017) at current values. Please note that the FY2012 numbers were not included in this comparative analysis as it was a partial year.

There are currently fourteen (14) claims in excess of the \$250,000 deductible per claim limit.

👉 **Department of Motor Vehicles** – Car accident while evaluating a driver’s permit test; Traumatic brain injury; paid \$575,507, claim is settled and closed with \$0 reserves

👉 **Division of Highways** – Eight (8) claims from the Division of Highways. They are:

- Civil action due to long term benzene exposure; paid \$801,354, claim is settled and closed with \$0 reserves.
- Backed over by vehicle on job site; Fatality; paid \$199,206, claim is settled and closed with \$0 reserves. The fatality resulted in 2 claims – a traumatic claim for the injury to the employee and a liability claim due to the circumstances in which the claim occurred. The liability claim was settled for \$800,000.
- Pinned by commercial water truck in construction zone; Fatality; Incurred is \$532,861
- Knee injury; Incurred is \$379,589. The claim has been closed.
- Tree fell and struck employee; Fatality; Incurred is \$421,716
- Motor vehicle accident while plowing snow; Incurred is \$264,058
- Knee injury; Incurred is \$255,387
- Motor vehicle accident – collision with car that crossed the median and struck the state vehicle; Fatality; Incurred is \$604,556

👉 **Department of Natural Resources** – Two (2) claims from the Department of Natural Resources. They are:

- Mower slid into a lake and trapped employee under mower; Fatality; paid \$551,924, claim is settled and closed with \$0 reserves. The fatality resulted in 2 claims – a traumatic claim for the injury to the employee and a liability claim due to the circumstances in which the claim occurred. The liability claim was settled for \$1.3M with the SAWC Program paying \$800,000 and BRIM paying \$500,000.
- Motor vehicle accident involving a forklift that rolled over and crushed the left foot/leg. Amputation of foot occurred; Incurred is currently ~\$543,388.

👉 **Department of Agriculture** – Motor vehicle accident – head on collision with a privately owned commercial vehicle; Incurred is currently ~\$3,585,732.

🔑 **Regional Jail Authority** – Motor vehicle accident – collision with a tractor trailer;
Incurred is currently ~\$1,386,838.

🔑 **Department of Corrections** – Motor vehicle accident – collision with a tractor trailer;
Incurred is currently \$1,376,520.

Further claims analysis of the SAWC Program shows there are 163 employees with four (4) or more claims each since October 2011. The total incurred claims cost for these multiple claimants is \$5,331,804. A claimant review is below:

- 🔑 Two employees have 11 claims each for a total incurred cost of \$17,615
- 🔑 Three employees have 10 claims each for a total incurred cost of \$282,501
- 🔑 Two employees have 9 claims each for a total incurred cost of \$173,538
- 🔑 One employee has 8 claims for a total incurred cost of \$3,667
- 🔑 Ten employees have 7 claims each for a total incurred cost of \$382,499
- 🔑 Seventeen employees have 6 claims each for a total incurred cost of \$532,093
- 🔑 Forty-five employees have 5 claims each for a total incurred cost of \$1,519,801
- 🔑 Eighty-three employees have 4 claims each for a total incurred cost of \$2,420,090

Of these 163 employees, 90 work for Department of Transportation, 38 work for Department of Health and Human Resources, 25 work for Military Affairs and Public Safety, 6 work for Department of Veterans Assistance and 4 work for other agencies.

It is important for all SAWC claims to be reported in a timely manner to ensure claims are thoroughly investigated and all benefits are paid to injured employees. The WVOIC's goal is for all claims be reported to Zurich or BrickStreet within 24 hours of the notification of the injury and should not exceed 5 business days. Below is the claims reporting lag for the SAWC Program between October 2011 and June 2017:

Reporting Range	Percentage Reported
0 - 5 days	64.1%
6 - 15 days	21.4%
16 days or more	14.5%


FUTURE FOCUS AREAS FOR AGENCIES


While significant progress has been made in providing safer workplaces for all state employees, the following agencies need to continue to focus their efforts on reducing their costs through improvement in the following initiatives or programs:

- ✦ **Department of Transportation** – The Department of Transportation (DOT) has worked to implement Return to Work Programs and has been moderately successful in bringing back employees when “light-duty” or transitional work is available. DOT has also begun to implement a program state-wide to reduce sprain and strain injuries that shows promise in reducing future claim costs. DOT focus areas include providing slip, trip and fall training and continuing to focus on more opportunities for employees to return to work in a light-duty capacity to reduce DOT claim costs.

- ✦ **Department of Veterans Assistance** – The Department of Veterans Assistance (VA) has developed a successful Return to Work Program that has been implemented successfully throughout the organization. In the past three years, the VA reduced their claim frequency by 73% from 51 claims in FY2014 to 14 claims in FY2017. The VA focus areas include enhancing their Return to Work Program to continue to reduce loss time claim costs.

- ✦ **Department of Health and Human Resources** – The Department of Health and Human Resources has realized a decrease of approximately 29% in their claim frequency from FY2014 through FY2017. However, severity remains an issue with the average claim cost increasing 33% during the same timeframe. DHHR focus areas include the continuation of their Return to Work Program and to focus on locations that have been slow in bringing employees back in a light duty capacity, as well as continuing to support and encourage locations that have been successful in return to work implementation. DHHR may consider exploring educational opportunities for all employees in patient violence prevention and continue to revise patient handling procedures in regards to employee safety. DHHR currently has a safety committee that is represented by employees from state hospitals that meets as needed. The DHHR needs to continue to support the safety committee and develop a fixed (preferably quarterly) meeting schedule for this group to foster the sharing and discussion of safety best practices for the benefit of all state hospitals.

 **Department of Natural Resources** – The Department of Natural Resources (DNR) has developed a Return to Work Program that has had mixed success throughout the park system. The DNR focus areas include providing and supporting opportunities for expanding the Return to Work Program, and obtain support from agency leadership in identifying light-duty positions for injured workers to reduce lost time costs. The DNR should continue to encourage and support the DNR Safety Committee to ensure safety best practices are shared by all DNR locations.

 **Department of Military Affairs** (Division of Corrections, Division of Juvenile Services, and Regional Jail and Correctional Facility Authority) – The Department of Military Affairs has developed a Return to Work Program that has been implemented throughout all agencies and is beginning to reduce costs at some locations. The Division of Corrections, Division of Juvenile Services, and Regional Jail and Correctional Facility Authority have also developed a Shared Services Team where safety best practices and return-to-work strategies are shared between the agencies. The Department of Military Affairs focus areas include continuing to provide support and offer educational opportunities for providing light-duty positions for injured workers, reducing inmate on employee violence and reducing slips, trips and falls.

The SAWC Program Manager will continue to work with all plan members to implement processes or policies to address the reporting lag time and to strive to have all claims reported to the carrier within 24 hours or notification.

CONCLUSION

The SAWC Program has a complex workforce doing tasks that at times place employees in potential danger. Our employees are our greatest asset and their safety is very important. Safety policies and procedures have been developed for employees to follow to minimize these risks. Efforts have been made in all agencies to ensure that policies and procedures are in place and are being followed by all employees to prevent workplace injuries.

The SAWC Program Manager strives to ensure all Program participants receive appropriate safety training and that work practices are being monitored to ensure safe working conditions for all state employees. This task has been hindered due to employee turnover in state agencies. Due to this turnover, the implementation of safety programs, initiatives and return to work programs have been adversely impacted.

Major training campaigns will continue in 2017 for motor vehicle accident (MVA) prevention strategies, defensive driving training, Return to Work Implementation, workplace violence, sprain and strain reduction as well as fall prevention.

The OIC has partnered with BRIM and Fleet Management in a shared services approach to provide motor vehicle accident prevention techniques and strategies to agencies that are intended to reduce the frequency and severity of motor vehicle accidents. During the FY2017 policy, MVAs accounted for 45 of the total 1,319 claims or ~3.4% of the claims frequency. Those 45 claims accounted for \$334,117 of the total incurred or ~4.2% of the claims severity.

In September 2017, the WVOIC hosted a Safety Conference for over 100 attendees. A follow-up conference will be held in September 2018 to address claims reporting, claims management, policy administration and safety programs in the workplace.