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

**October 2019**



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Insurance Commissioner



## **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 Request for Proposal (RFP) process. BrickStreet continues to be the program's insurance provider through the FY2019 policy. In July of 2019, BrickStreet announced a name change to Encova Insurance. There were no changes to the program, the policy or the services to the state due to the name rebranding.

As the state agency workers' compensation program (SAWC) enters its ninth policy year, the program realized a decline in frequency over the FY2018 count. The program currently includes 100 agencies, boards and commissions with nearly 900 locations across our state. It is estimated that approximately 25,000 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. Encova also visited all agencies during the FY2018 policy to determine the safety needs and areas of focus for the program.

The safety visits and inspections have become more specialized and are focused on the agencies experiencing the highest losses rather than all plan members. The safety visits are also tailored to the types of claims that a specific agency is experiencing to ensure resources are being utilized in a manner that will result in safer workplaces for our state employees and potential premium savings to state agencies.

The table below outlines the number of visits performed by policy year by Zurich and BrickStreet safety units and the SAWC Program Manager.

Policy Year	Number of Visits
2011	109
2012	102
2013	81
2014	90
2015	93
2016	90
2017	200
2018	173
<b>Total</b>	<b>938</b>

The SAWC Program Manager and BrickStreet Insurance Company will continue to provide safety and loss visits, evaluations and recommendations to all agencies in the 2019 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
- ✦ BRIM 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** – 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** – The Division of Corrections, Division of Juvenile Services and the Regional Jail and Correctional Facility Authority have combined resources in the past to focus on workplace and employee safety programs by forming a multi-Agency Shared Services Committee on Safety, Workplace Violence Prevention Training, and Return to Work Programs. Effective July 2018, HB 4338 merged these agencies into a single entity called the Department of Corrections and Rehabilitation (DCR). DCR will share a centralized safety and health program and return-to-work program. This should improve the consistency of the safety program and return-to-work program for all DCR locations.
  
- ✿ **Division of Highways** – Slip, Trip and Fall Training, Confined Space Training, Silica Training, and additional OSHA training.

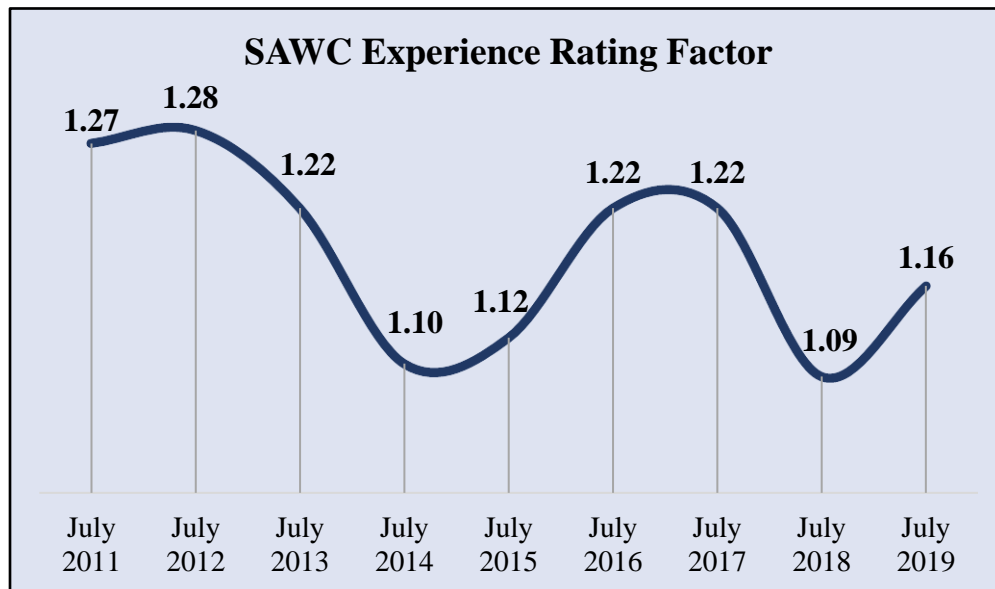
The WVOIC has worked extensively with Zurich, Encova and SAWC Program members to develop Return to Work Programs. The Return to Work Programs have been finalized and implemented by several SAWC Program members. SAWC Program members have implemented functional return to work programs and continue to look 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 1.16 for the July 2019 policy. The emod increase from the 2014 policy includes the claim and loss effects from the 2012 derecho and 2012 Superstorm Sandy. The increase from 2018 to 2019 may be the result of several fatal claims and severe motor vehicle accidents. The chart below shows the experience rating factor progression throughout the SAWC Program by policy year:



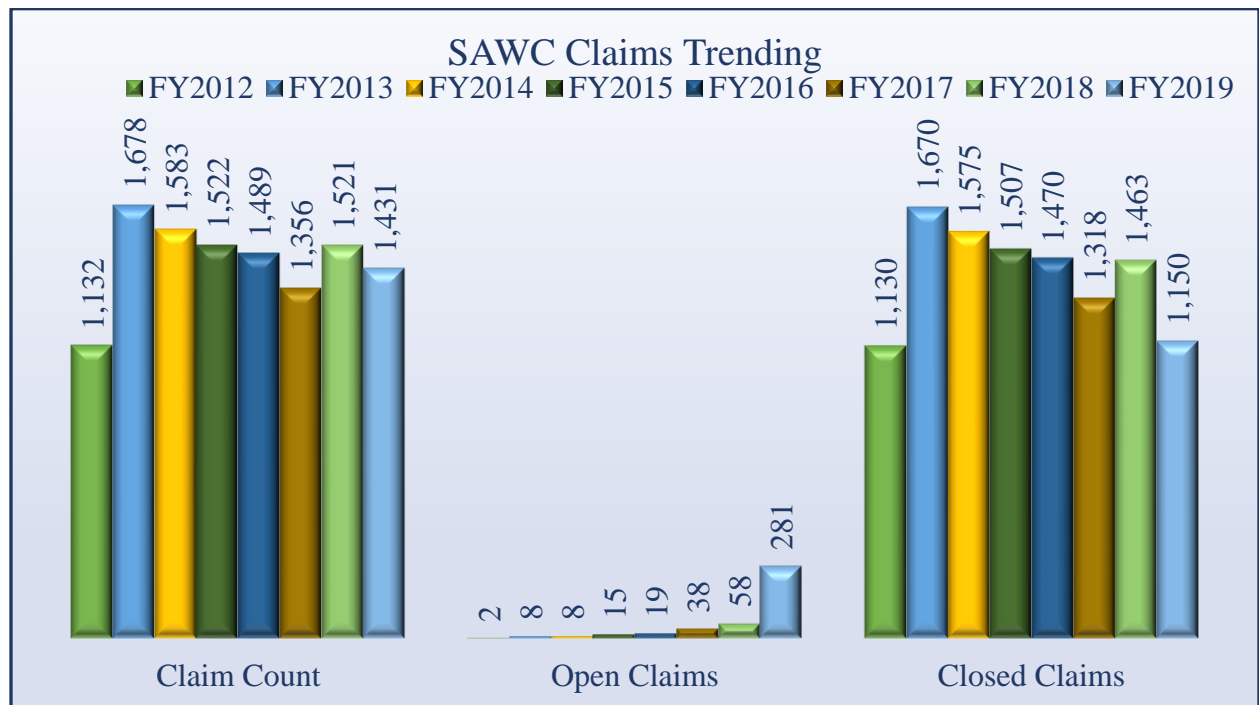
The aggregate policy emod is shown above, individual agency emods are calculated to allocate the premium by the risk and loss experience that each agency provides to the program. For the July 2019 policy, the individual agency emods summary is as follows:

Emod Range	Agency Count
Less than 1.00	25
Equal to 1.00	53
Greater than 1.00	22

The agencies with the lowest emods are Department of Environmental Protection (0.43) and the Department of Education and Geological – Economic Survey (0.64). The agencies with the highest emods are Mildred Mitchell Bateman Hospital (2.68) and Jackie Withrow Hospital (1.91).

### SAWC CLAIMS SUMMARY

As of July 31, 2019, there have been 8,760 SAWC claims submitted to Zurich with dates of injury between October 2011 and June 2016. There have been 2,952 SAWC claims submitted to Encova with dates of injury between July 2017 and June 2019 for a total SAWC claim count of 11,712. The charts below represent claims trending analysis by fiscal year:

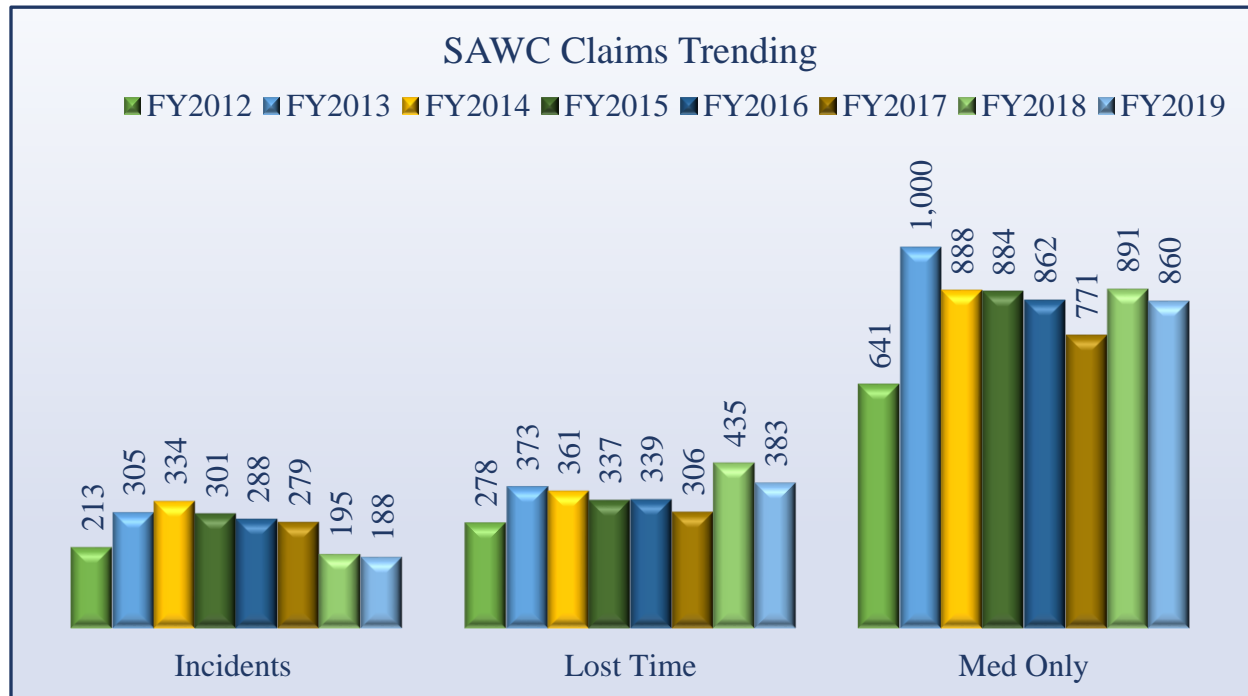


Data as of July 31, 2019

FY2012 from October 2011 – June 2012

FY2012 – FY2017 are Zurich claims; FY2018 - FY2019 are Encova claims

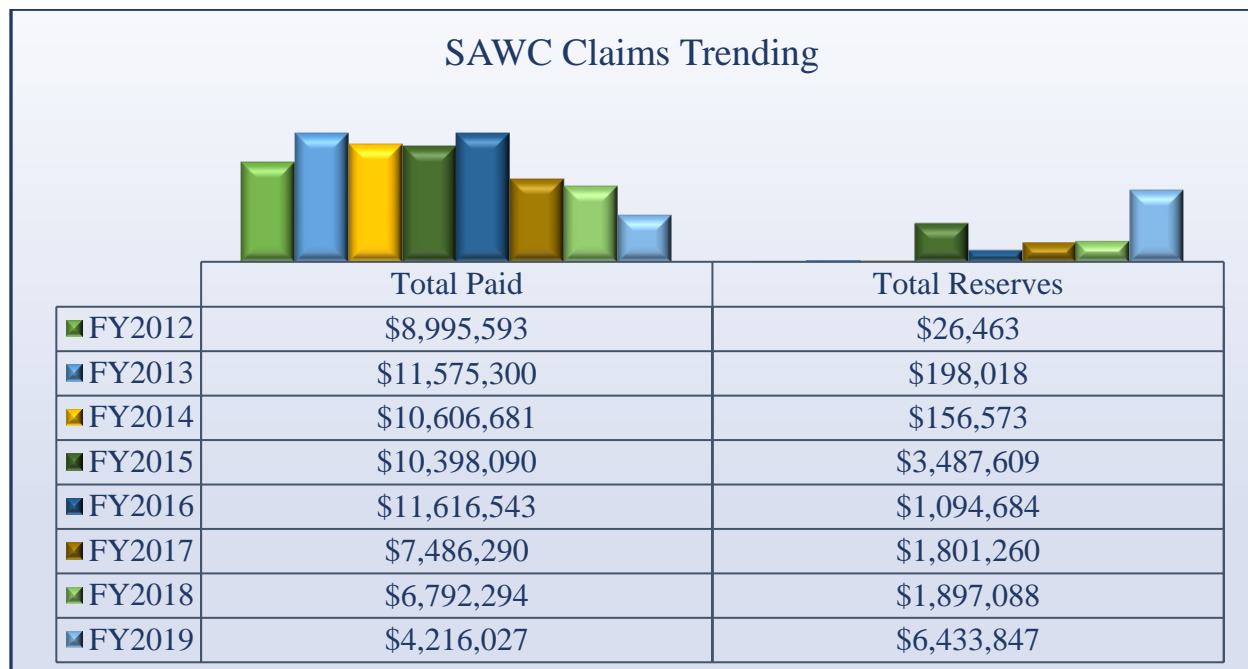
Of the 11,712 total claims reported to Zurich and Encova, 2,103 (18%) have resulted in being closed with no payments (incidents).



Data as of July 31, 2019

FY2012 from October 2011 – June 2012

FY2012 – FY2017 are Zurich claims; FY2018 - FY2019 are Encova claims



Data as of July 31, 2019


FY2012 from October 2011 – June 2012

FY2012 – FY2017 are Zurich claims; FY2018 - FY2019 are Encova claims




As indicated by the trending charts, the SAWC Program realized decreasing frequency from FY2013 through FY2017. However, FY2018 had a 12% frequency increase over FY2017. While the FY2019 frequency is slightly lower than FY2018, the frequency is at the same approximate levels of FY2016. The average cost per claim decreased 14.5% from FY2015 (\$8,706) through FY2019 (\$7,442) at current incurred values. However, the severity did increase from FY2018 to FY2019 approximately 30% due to large loss claims. Due to the increases in both frequency (FY2018) and severity (FY2019), the OIC is actively monitoring these claims and taking proactive safety and awareness measures to ensure these trends do not continue.

There are currently nineteen (19) claims in excess of the \$250,000 deductible per claim limit. The nineteen claims have a total incurred of \$14,736,685.

 **Department of Motor Vehicles** – Two (2) claims from the Department of Motor Vehicles.

- Motor vehicle accident while evaluating a driver’s permit test; Traumatic brain injury; Incurred is \$575,507.
- Motor vehicle accident where claimant rear-ended another vehicle; fractured femur; Incurred is \$273,749.

 **Division of Highways** – Eight (8) claims from the Division of Highways.

- Civil action due to long term benzene exposure; Incurred is \$801,354.
- Backed over by vehicle on job site; Fatality; Incurred is \$199,206. 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 and carrier incurred \$9,431 in expenses.
- Motor vehicle accident; pinned by commercial water truck in construction zone; Fatality; Incurred is \$657,963.
- Knee/Back injury; Incurred is \$379,589.
- Tree fell and struck employee; Fatality; Incurred is \$553,147.
- Motor vehicle accident while plowing snow; Incurred is \$314,076.
- Motor vehicle accident – collision with car that crossed the median and struck the state vehicle; Fatality; Incurred is \$806,341.
- Motor vehicle accident; struck by commercial truck; Incurred is \$301,932.

👉 **Department of Natural Resources** – Three (3) claims from the Department of Natural Resources.

- Mower slid into a lake and trapped employee under mower; Fatality; Incurred is \$551,924. 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 \$500,000 and BRIM paying \$800,000.
- Motor vehicle accident involving a forklift that rolled over and crushed the left foot/leg. Amputation of foot occurred; Incurred is \$541,557.
- Medical episode that resulted in motor vehicle accident; Incurred is \$574,573.

👉 **Department of Agriculture** – Motor vehicle accident – head on collision with a privately-owned commercial vehicle; Incurred is \$3,583,768.

👉 **Regional Jail Authority** – Motor vehicle accident – collision with a tractor trailer; Incurred is currently ~\$1,387,833.

👉 **Department of Corrections** – Two (2) claims from the Department of Corrections.

- Motor vehicle accident – collision with a tractor trailer; Incurred is currently \$1,236,184.
- Pepper spray during training; Incurred is \$527,705.
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👉 **Department of Health and Human Resources** – Motor vehicle accident where claimant rear-ended another vehicle; Incurred is \$305,500.

👉 **Office of Miners Health Safety and Training** – Occupational pneumoconiosis; Incurred is \$554,552.

Further claims analysis of the SAWC Program shows there are 92 employees with five (5) or more claims each between October 2011 and June 2019. The total incurred claims cost for these multiple claimants is \$3,364,624. A claimant review is below:

- Three employees have 11 claims each for a total incurred cost of \$90,819
- Two employees have 10 claims each for a total incurred cost of \$204,617
- Two employees have 9 claims each for a total incurred cost of \$196,342
- One employee has 8 claims for a total incurred cost of \$3,667
- Thirteen employees have 7 claims each for a total incurred cost of \$527,382
- Twenty-two employees have 6 claims each for a total incurred cost of \$464,731
- Forty-nine employees have 5 claims each for a total incurred cost of \$1,877,066

### **REPORTING LAG**

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 the carrier within 24 hours of the notification of the injury and should not exceed 5 business days. Below is the reporting lag for the SAWC Program between July 2017 and July 2019:

<b>Reporting Range</b>	<b>Percentage Reported</b>
0 - 5 days	71.4%
6 - 15 days	19.4%
16 days or more	9.2%

## 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 state-wide program to develop a silica control plan to reduce silica related respiratory claims. DOT is considering the centralization of safety services for consistency among all districts. DOT has expanded drug testing requirements for employees operating vehicles and equipment. 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 six years, the VA reduced their claim severity by 57% and have lowered their emod from 2.54 in 2015 to 1.09 in 2019. 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 (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 modified 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. The DHHR needs to organize a safety committee that represents all DHHR agencies and hospitals that can foster the sharing and discussion of safety best practices for the benefit of all DHHR agencies. The committee should meet at least quarterly.

🔗 **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 (RTW) and obtain support from agency leadership in identifying light-duty positions for injured workers to reduce lost time costs. The DNR should review the internal RTW approval process to expedite injured workers returning to work in all DNR locations. The DNR should continue to encourage and support the DNR Safety Committee to ensure safety best practices are shared by all DNR locations.

🔗 **Division of Corrections and Rehabilitation** – (Division of Corrections, Division of Juvenile Services, and Regional Jail and Correctional Facility Authority). The Division of Corrections, Division of Juvenile Services, and Regional Jail and Correctional Facility Authority have merged and are now operated under one safety program. This merger should improve consistency at all locations. The Division of Corrections and Rehabilitation has developed a Return to Work Program that has been implemented throughout all agencies and is helping to reduce costs at some locations. The Division of Corrections and Rehabilitation focus areas include continuing to provide support and offer educational opportunities for providing modified-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 of notification. The SAWC Program Manager is working on a safety campaign for 2019 and 2020 that will focus on the most frequent and severe injuries at all SAWC agencies and locations.

## 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. 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 2019 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 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 FY2018 and FY2019 policies written by Encova, MVAs accounted for 74 of the total 2,952 claims or ~2.5% of the claims frequency. Those 74 claims accounted for \$620,348 of the total incurred or ~3.2% of the claims severity.

The SAWC Program will continue to host an annual conference that will outline the state of the program, ongoing commitments and processes in place to reduce costs and prevent workplace injuries as well as demonstrate effective return to work programs for agencies to adopt and administer.