

**UCD Workers' Compensation Program
Annual Report
2002 - 2003**

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Introduction

Workers' Compensation has been making headlines in the news for many months as premiums have risen and medical costs have skyrocketed. The University of California has been experiencing similar increases throughout the system. These rapidly growing costs have caused the Office of the President to focus serious attention on strategies to reduce workers' compensation costs throughout the system. In addition to exponentially rising medical costs, last year's new workers' compensation legislation went into effect in January 2003. The effect of this legislation was an increase in temporary and permanent disability rates paid to injured workers in the second half of the fiscal year 2002-03 and future scheduled increases over the next several years.

Last year's workers' compensation reform legislation and the newest 2004 reform legislation and the bills currently being discussed by the Governor are projected to save additional money and decrease medical costs in the long-run, but it is too soon to tell what the actual savings may be. Therefore, we must look to ourselves to find solutions. The best way to insure that we don't have high workers' compensation costs is to NOT have workers' compensation injuries in the first place. Strong safety programs, accident prevention activities, and post injury investigation programs are critical tools in reducing injuries and workers' compensation claims.

UC Davis – 2002-03

Despite the negative news for the State and UC as a whole, UC Davis' workers' compensation program remains strong and highly effective. A recently completed report by an external consultant to Office of the President cited UC Davis' program as a model for the UC System. Our Modified Duty program and the strength of our Employee Health

program, as well as the overall collaborative and cooperative partnership enjoyed by the central support units and departments, were particularly noteworthy. The UCD institutional culture and supervisory commitment that expects that employees will return to modified and full duty is one of the key factors in successful cost containment on this campus.

Even with this strong program, UC Davis workers' compensation claims and costs increased over \$1 million in fiscal year 2002-03. Although part of this increase was driven by an administrative change that changed the reporting location of some claims to the campus, there was still a significant increase in overall claim numbers and costs that is troubling, especially if the trend continues.

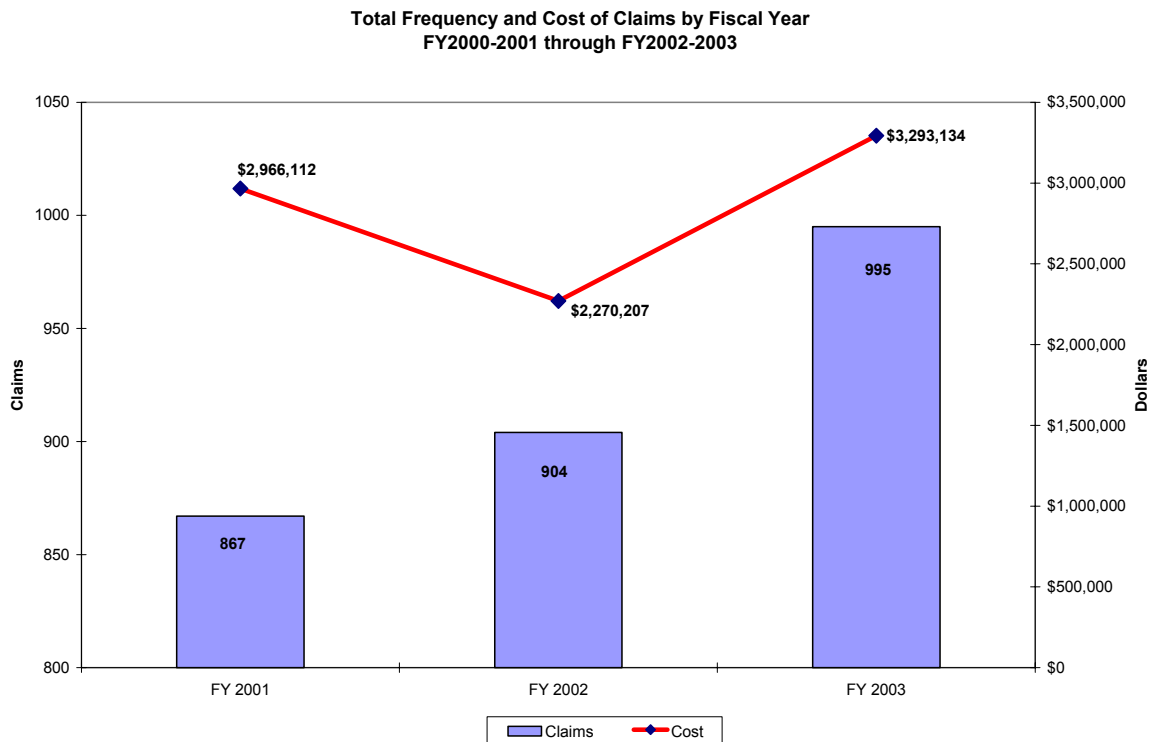
The team of departments charged with safety, treatment, workers' compensation administration and return-to-work have been working hard on a number of strategies for helping departments, managers and supervisors to reduce injuries. Over the past several years an effort has been made to provide managers and supervisors with information regarding the Campus-wide workers' compensation trends. Departments also receive regular reports on their own experience.

The goal of this effort has been to establish an understanding of the Campus status and to help individual units to see and deal with the particular circumstances within their own environment that result in injuries. Additionally, a number of programs have been designed to target specific problems. In this fiscal year, a pilot program using a tool called "Root Cause Analysis" is being tested in five departments with a focus on reducing back injuries. It is hoped that this program will expand if it proves to be beneficial in the five pilot departments. Employees and supervisors who have used the tool are excited about the process and the outcomes.

Data Analysis

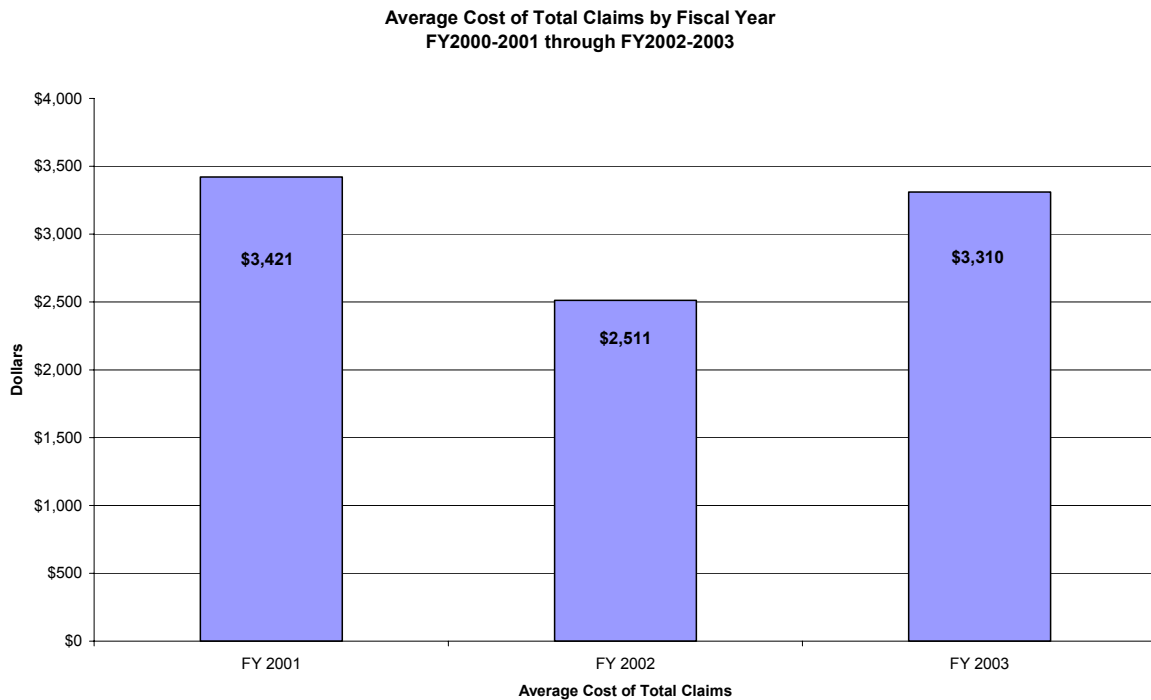
UCD Claims Experience

This graph displays a three-year trend of Davis campus claims and costs for all injuries that were filed in fiscal year 2002-03. During this period, there were 995 claims filed with a total incurred cost of \$3,293,134. This reflects a 10% increase in the number of claims over fiscal year 2001-02, and a very troubling 45% increase in costs. Analysis of these data reveals that the medical costs were the primary driver of the cost increase.



Average Cost Per Claim

The average cost per claim filed in 2002–03 rose 32% over claims filed in the prior year. This is further evidence of the effect of medical cost increases. Despite the increase in the last year, it is also noteworthy that the average cost per claim is still lower than it was in 2000–01.

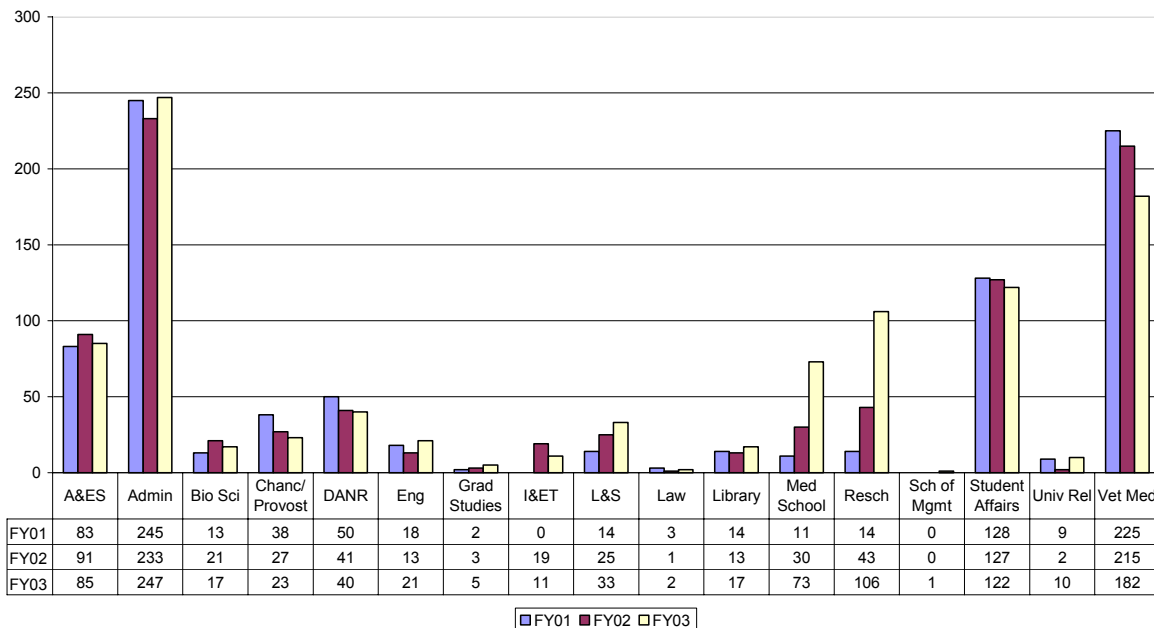


Severity of claims is measured by costs. The majority of claims in any given year are simple medical only claims with no lost time involved. The higher cost claims generally involve more lost time and more expensive and lengthy medical treatment.

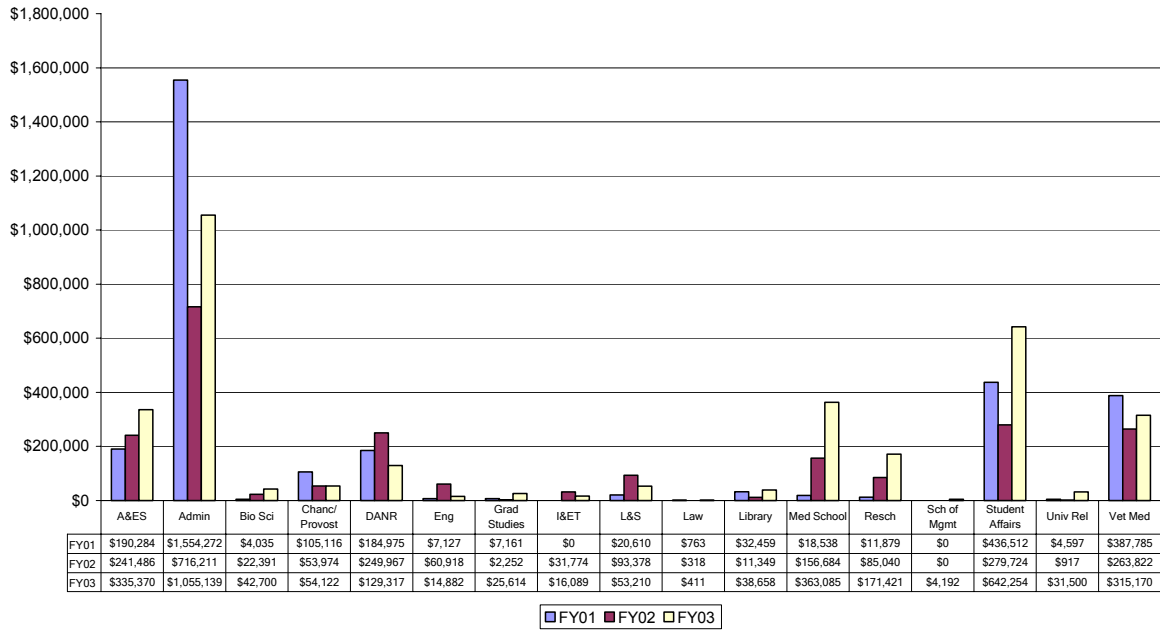
Frequency, Severity and Average Claim Cost by Division

Each campus unit has different exposure to risk of injury and illness. On the one hand, administrative units are generally more likely to experience injuries related to the use of computers and bumps and strains caused by office furniture and supplies. On the other hand, research laboratories and animal care facilities are more at risk of animal bites and heavy lifting injuries, while field work and operations and maintenance experience other risk factors. These variations of risk are clearly evident in the following graphs which break down the 2002–03 claims by campus division. As would be expected, divisions with higher risk factors have higher and more costly claims experience.

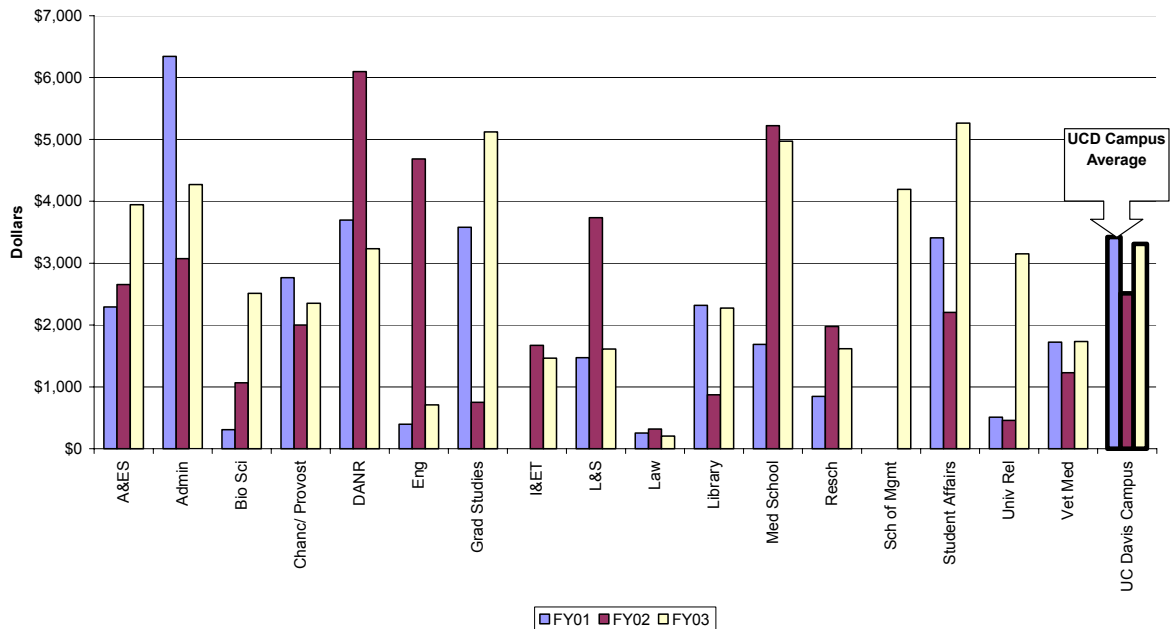
Frequency of Claims by Division
FY2000-2001 through FY2002-2003



**Total Cost of Claims by Division
FY2000-2001 through FY2002-2003**



**Average Cost of Claims by Fiscal Year by Division
FY2000-2001 through FY2002-2003**



Injuries by Body Part

Workers' Compensation claims are categorized by the body part that is injured. The following listing provides campus-wide data by body part over the last three fiscal years. Review of these data indicates that backs, fingers and hands are the most frequently injured body parts at UCD. Finger and hand injuries are most often related to animal research and care.

**Workers' Compensation
Frequency and Cost of Claims by Body Part by Fiscal Year
FY2000-2001 through FY2002-2003**

Body Part	Claims			Cost		
	FY2001	FY2002	FY2003	FY2001	FY2002	FY2003
Abdomen	2	3	4	\$1,900	\$27,103	\$12,361
Ankle(s)	21	19	29	\$18,407	\$134,116	\$108,370
Arm(s)	35	36	30	\$113,296	\$55,910	\$126,944
Auditory System	7	4	5	\$60,276	\$20,719	\$15,323
Back	126	123	145	\$319,392	\$318,738	\$610,099
Brain	0	0	1	\$0	\$0	\$8,056
Buttocks	1	2	0	\$2,500	\$4,040	\$0
Cardiovascular System	5	3	2	\$154,682	\$7,360	\$24,360
Central Nervous System	1	0	0	\$8,400	\$0	\$0
Chest	11	6	5	\$21,660	\$1,190	\$3,827
Circulatory System	0	2	1	\$0	\$1,094	\$674
Digestive System	6	13	12	\$3,681	\$10,468	\$7,847
Ear	0	1	1	\$0	\$600	\$0
Elbow(s)	18	23	27	\$26,695	\$62,498	\$69,443
Eye(s)	45	40	28	\$12,868	\$26,619	\$15,774
Eyelid(s)	1	3	6	\$94	\$815	\$1,623
Face	15	16	12	\$16,941	\$7,648	\$7,256
Finger(s)	130	112	128	\$87,958	\$182,776	\$127,486
Foot/Feet/Toe(s)	20	24	27	\$40,913	\$20,661	\$39,825
Forearm(s)	16	16	24	\$19,664	\$3,980	\$45,114
Genito-Urinary System	1	0	0	\$364	\$0	\$0
Groin	7	5	7	\$11,464	\$42,647	\$60,355
Hands	66	70	100	\$88,715	\$118,978	\$244,227
Head	20	10	19	\$169,073	\$1,504	\$114,649
Heel(s)	0	3	1	\$0	\$430	\$12,893
Hip(s)	5	6	3	\$21,589	\$24,745	\$1,123
Immune System	0	3	2	\$0	\$1,187	\$1,054
Knee(s)	57	41	39	\$384,585	\$164,163	\$199,802
Leg-Calf-Thigh(s)	24	22	24	\$40,122	\$44,549	\$24,577
Mouth	2	2	4	\$50	\$407	\$566
Multi-head	2	1	4	\$276	\$421	\$9,288
Multi-lower Extremity	3	3	5	\$281	\$4,300	\$1,839
Multiple-Stress	14	13	18	\$122,068	\$57,657	\$131,999
Multiple Body Parts	49	49	71	\$510,732	\$172,301	\$336,957
Multi-upper Extremity	22	34	51	\$31,018	\$174,333	\$277,544
Neck	33	27	18	\$318,680	\$38,510	\$94,439
Nose	4	2	1	\$4,368	\$3,610	\$386
Other	3	0	0	\$521	\$0	\$0
Pelvis	0	0	1	\$0	\$0	\$16,656
Reproductive System	1	0	2	\$40	\$0	\$7,444
Respiratory System	20	41	26	\$193,936	\$84,858	\$124,074
Ribs	2	2	4	\$2,252	\$7,550	\$6,956
Sacrum-Coccyx	0	1	6	\$0	\$0	\$3,564
Shoulder(s)	26	44	38	\$63,405	\$136,331	\$149,836
Skull	1	0	4	\$1,000	\$0	\$1,163
Teeth	1	1	3	\$95	\$320	\$8,646
Throat	0	2	0	\$0	\$20,984	\$0
Wrists	44	76	57	\$92,154	\$284,086	\$238,713

Single Claims Over \$50,000

This chart provides three years of data on the most severe injuries by the division in which they occurred. Although the numbers of claims in the category are up over the previous fiscal year, it is noteworthy that there has been only one claim over \$100,000 in 2002-03 compared to five in that category in 2000-01.

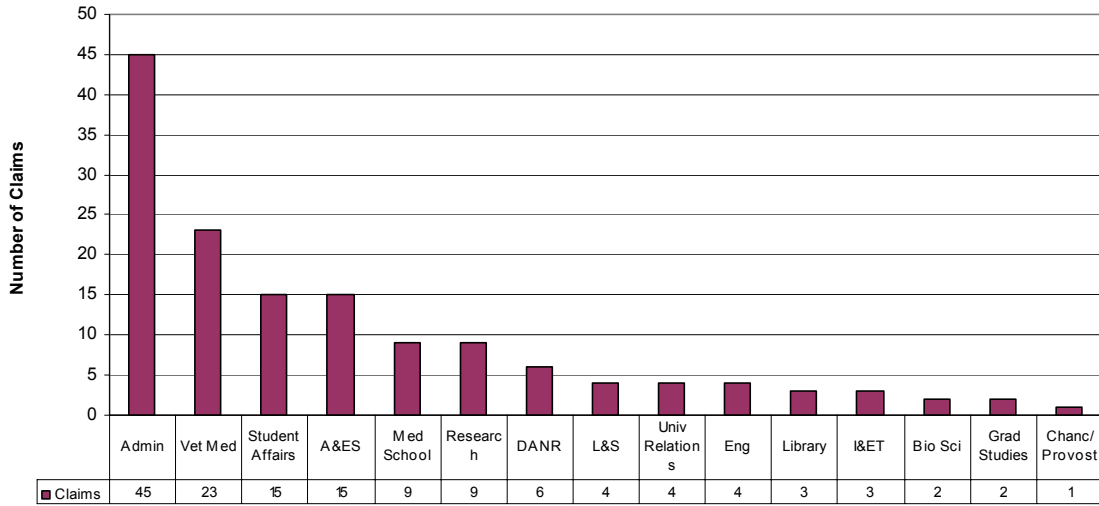
Single Claims Greater than \$50,000 by Division and Body Part FY2000-2001 through FY2002-2003

Division	Body Part	Cost
<i>FY2003</i>		
A&ES	Multi-Upper Extremity	\$61,753
A&ES	Arm(s)	\$56,042
DANR	Multiple Body Parts	\$58,211
Med School	Head	\$73,123
Student Affairs	Back - Lumbar	\$106,380
Student Affairs	Ankle(s)	\$87,680
Student Affairs	Back - Lumbar	\$70,816
Student Affairs	Multiple - Stress	\$62,059
Vet Med	Back - Lumbar	\$64,579
Total Cost		\$640,644
<i>FY2002</i>		
Administration	Multi-Upper Extremity	\$52,298
DANR	Back - Lumbar	\$86,875
Med School	Ankle(s)	\$76,350
Total Cost		\$215,523
<i>FY2001</i>		
Administration	Multiple Body Parts	\$340,429
Administration	Head	\$154,382
Administration	Cardiovascular System	\$146,500
Administration	Respiratory System	\$125,500
Administration	Neck	\$107,636
Administration	Neck	\$57,078
Chancellor/Provost	Multiple Body Parts	\$55,925
Vet Med	Neck	\$56,793
Student Affairs	Back - Cervical	\$60,315
Student Affairs	Knee(s)	\$55,143
Total Cost		\$1,159,701

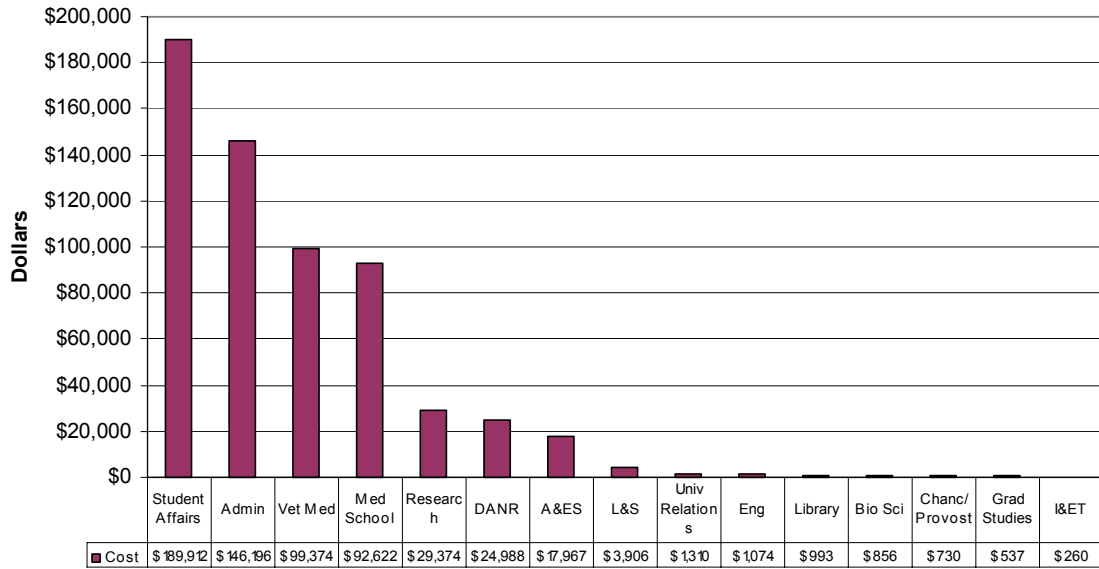
Back injuries

Back injuries represent the most injured body part on campus with 145 claims this year, or just under 15% of total of the year's injuries. Similarly, these injuries are also the highest cost claims, representing 18% of the total campus costs. These charts show the distribution of back injuries by division. As noted earlier, a pilot project involving a process of assessing the root cause of injuries and developing a specific prevention strategy for the root cause is currently under way in five departments. This process, called Root Cause Analysis will be assessed for possible wider distribution after July 1, 2004.

**Frequency of Back Injuries by Division
in Descending Order
FY 2002-2003**



**Cost of Back Injuries by Division
in Descending Order
FY 2002-2003**

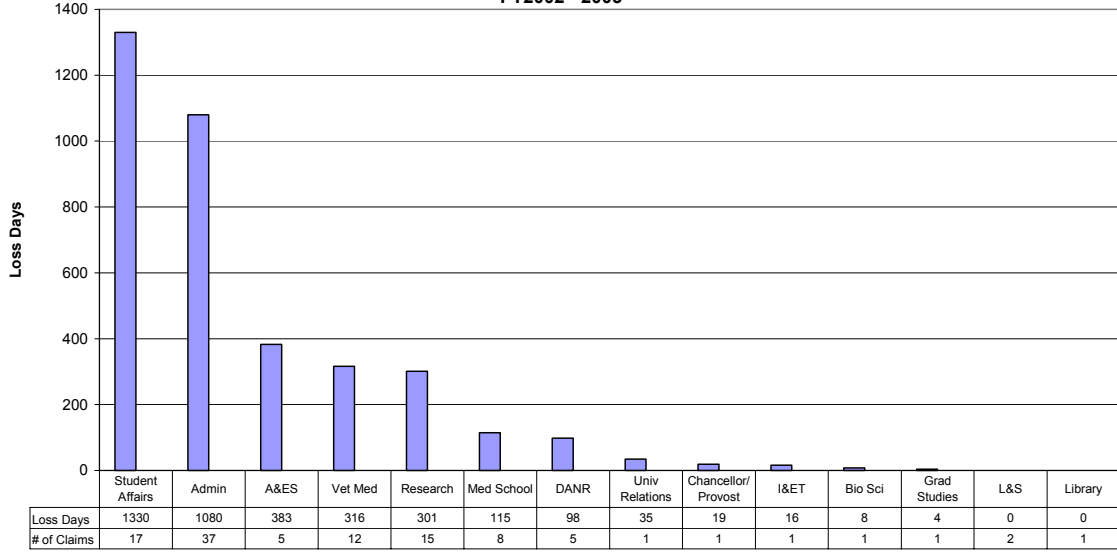


Lost Days

Managers and Supervisors are very interested in lost productivity caused by absences due to work-related injuries. These data have not been available until this year. Lost days have both direct costs to the workers' compensation program and indirect costs to departments. Direct costs are reflected in the workers' compensation cost data provided in this report, but indirect costs for sick leave, replacement staff or lost productivity are born completely by the department and are not reflected in the annual cost data.

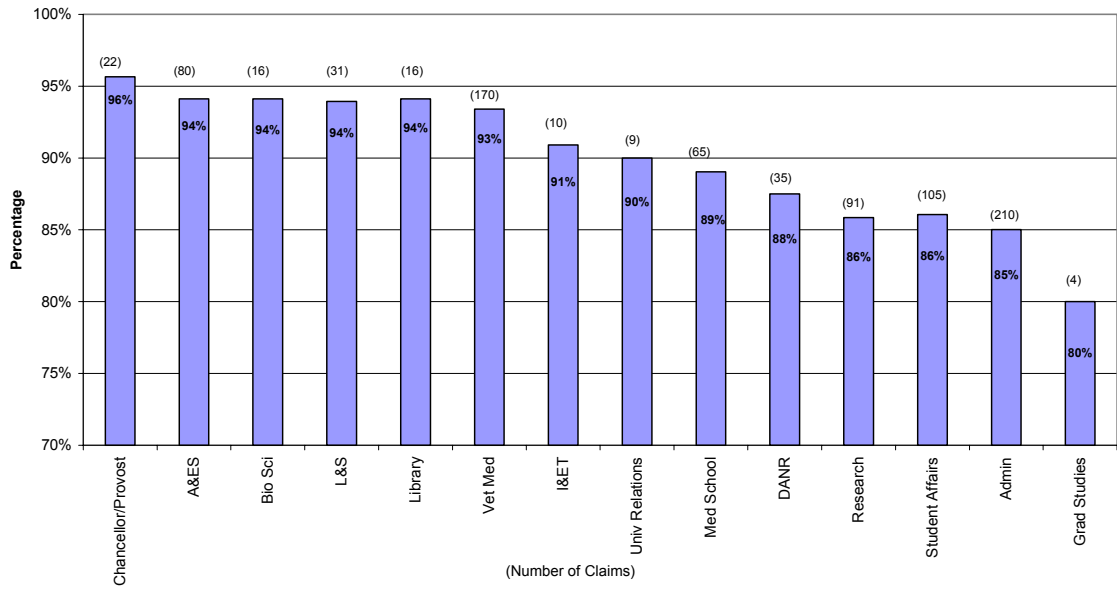
Information about the number of claims that were filed in 2002-03 and that had lost days during this period as well as the number of lost days generated by these claims is provided in the next set of graphs. UCD is extremely fortunate to be the campus with the lowest number of lost days in the system with the vast majority of claims having no lost days at all. This fact is directly attributable to the very strong campus and department commitment to bringing injured workers back to work as soon as possible.

**Number of Claims with Loss Days by Division
in Descending Order
FY2002 - 2003**



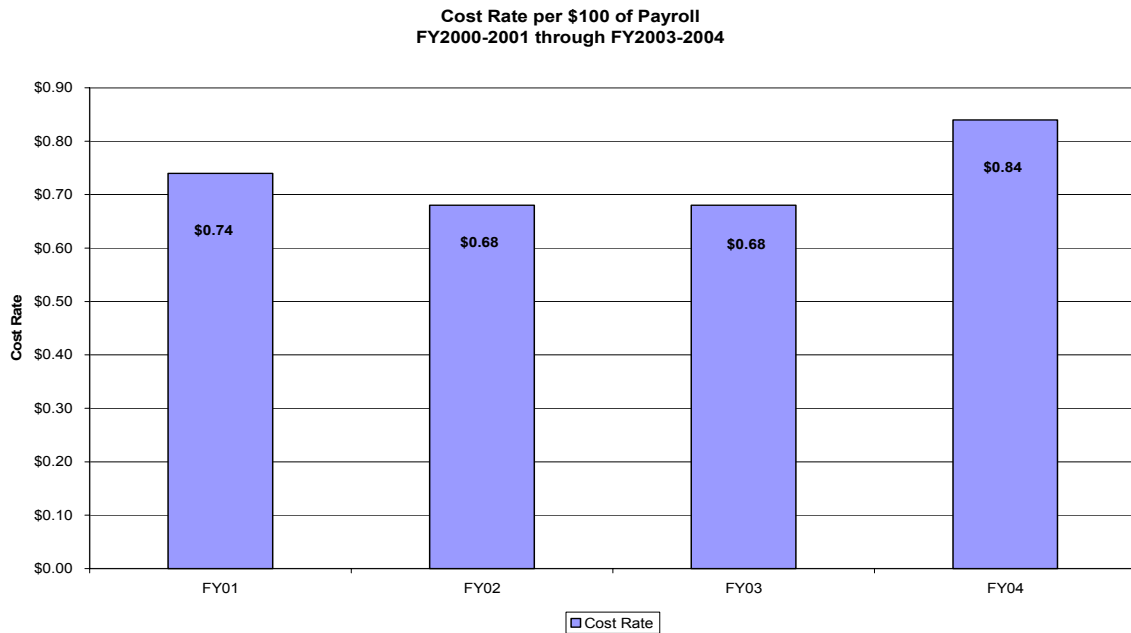
Total Loss Days - 3,705

**Percentage and Number of Total Claims
Without Loss Days
by Division
FY2002 - 2003**



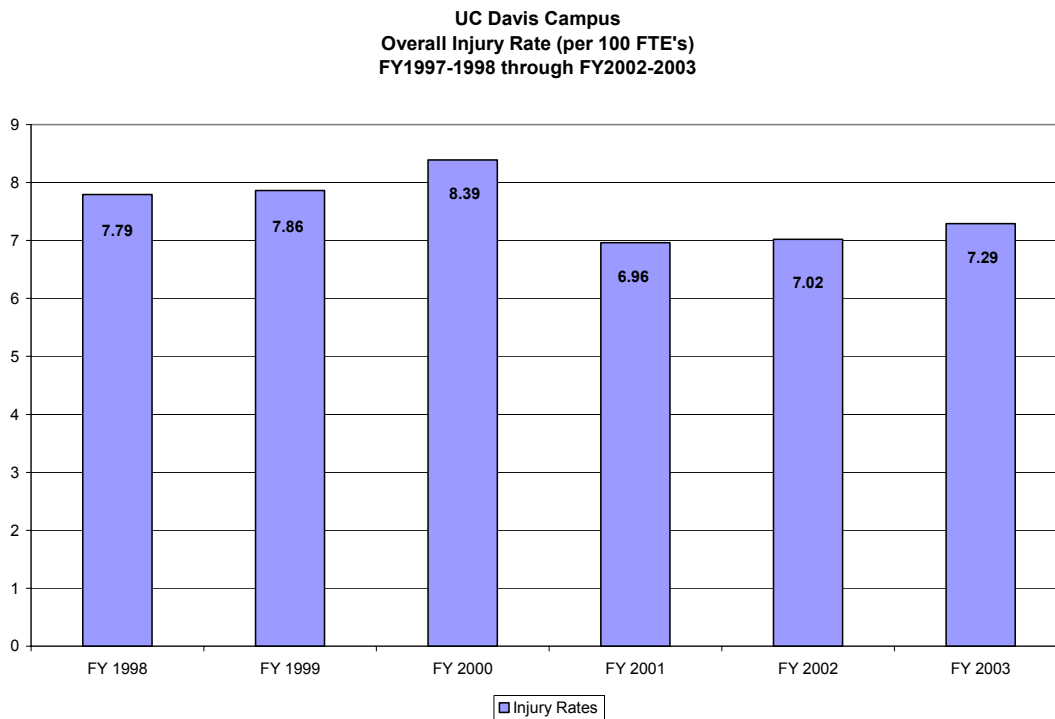
Campus Payroll Rates

Departments pay for workers' compensation coverage through a rate charged against payroll. This charge can be found within the overall benefits charges on the campus ledgers. The payroll rate is determined by an outside actuary on an annual basis. UC Davis continues to have the lowest or one of the lowest rates for the entire system. However, our rates have increased and will continue to increase as overall costs increase system-wide.

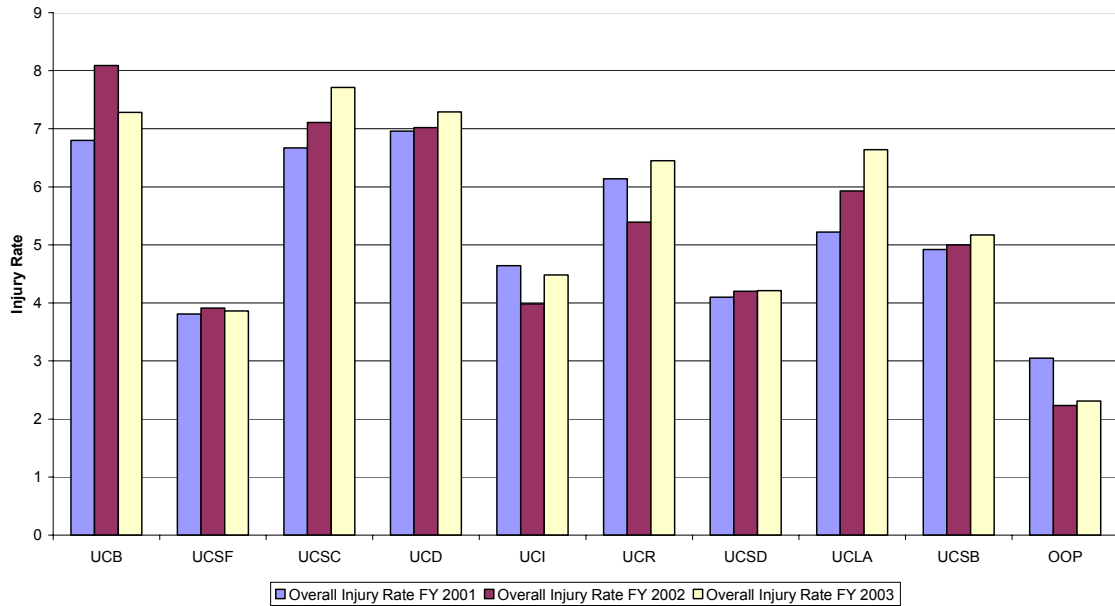


Injury Rates

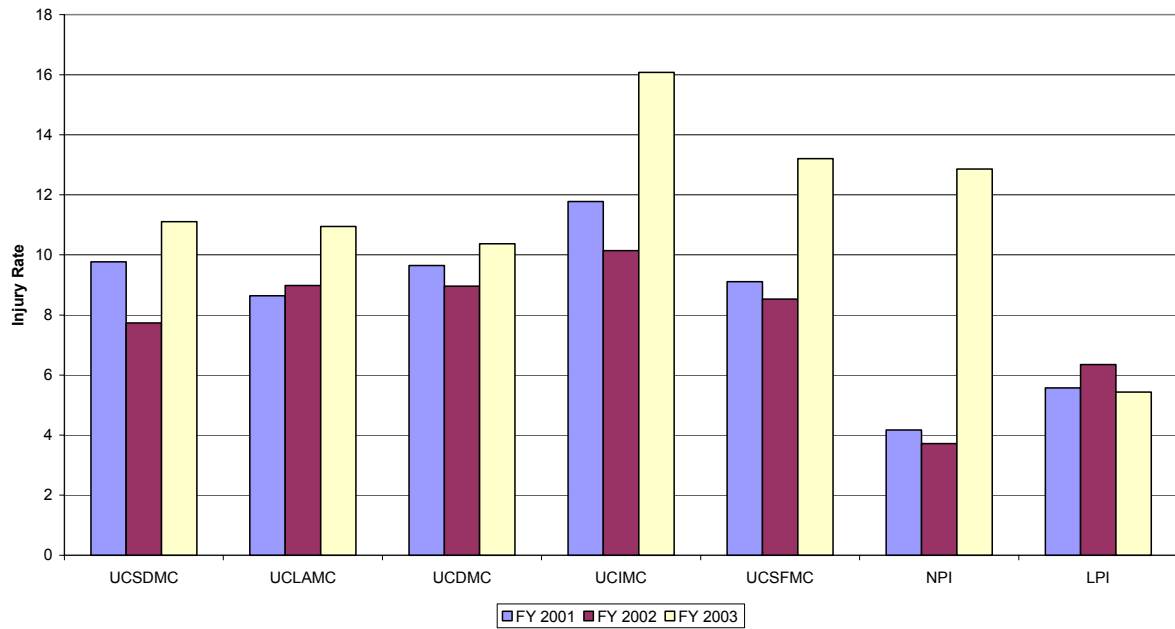
Injury rates per 100 FTE are another common benchmark for evaluating workers' compensation experience. UCD injury rates have remained relatively stable over many years. Benchmark data has been provided for all UC locations and is provided in Graphs H2 and H3.



**Overall Injury Rates (per 100 FTEs) by UC Campus
FY 2000-2001 through FY 2002-2003**



**Overall Injury Rates (per 100 FTEs) by UC Medical Centers'
FY2000-2001 through FY2002 - 2003**



Summary

UC Davis continues to have a very strong workers' compensation program. The campus commitment to high quality medical care provided by Occupational Health physicians at the Employee Health Services, a strong and active Return-to-Work program, and a strong partnership among campus departments, managers and supervisors, are key elements in the strength of the campus program. Despite all that the campus has done and continues to do, claims and costs are creeping up. Since many of these costs are out of our control the only way that we can keep workers' compensation costs down at UCD is to prevent injuries from happening.

Strategies for Cost Reduction and Injury Prevention

- Sustain the excellent programs and partnerships that are already in place
- Develop centralized and departmentally based programs on injury prevention
- Increase safety awareness for supervisors and employees.
- Expand Root Cause Analysis tool
- Increase safety training for supervisors and employees.
- Monitor safe practices compliance

The Workers' Compensation team is available for communication and advice for campus managers and supervisors.

Respectfully submitted,

Elizabeth Meyer, Director
Occupational Health, Injury & Disability Services

February, 2004