

# **UC DAVIS WORKERS COMPENSATION**

## **ANNUAL REPORT 2004-05**

### **INTRODUCTION**

UC Davis is fortunate to have one of the most effective programs in the UC System. Our costs are low relative to our size, diversity and higher level of risk created by our diverse research program and extensive exposure to animals, especially primates. Our Campus has chosen to invest resources on a variety of programs that are focused on the highest quality of care of injured workers, efficient management of individual claims, return to work on modified duty, and prevention. The culture of return to work and maintenance of productivity during recovery is a long standing strength of our program and an expectation and practice that is much envied by our sister campuses.

However, injuries will happen in an institution of this size and complexity, and the goal is minimize the frequency and the seriousness of the injuries that do occur. This report presents the experience of the Davis Campus for the 2004-05. The goal for the coming year is to sustain all the elements of our model program, and to enhance that program by establishing an ingrained safety culture, since the best injury is one that never occurs in the first place.

### **EXECUTIVE SUMMARY**

The UC Davis Campus Workers Compensation Program continues to see a positive trend toward lower numbers of injuries and lower costs. This is very good news and is the result of a combination of factors including: workers compensation reform, focused attention on reducing medical costs, proactive collaborative efforts in cost reduction and injury prevention, and leadership change and strategic redirection at the Office of the President.

Key indicators of the positive trend are:

- 12.7% decrease in the number of claims
- 16.7% decrease in the cost of claims
- 4.6 %decrease in the average cost of claims
- 11% decrease in the number of claims costing more than \$50,000
- 4% decline in payroll rates after three years of increase

Areas of Continuing Concern

- Back injuries continue be the most common and most expensive body part to be injured
- 2004-05 showed an increase in lost days due to injury (although 91% of the claims had no lost days); lost days result in significantly higher claims costs
- Many departments continue to struggle with effective injury prevention strategies, especially in providing sufficient support and emphasis on the role of Departmental Safety coordinator

## UCD Strategies for Improvement

- Partnerships in prevention
- Cost-Allocation of the workers compensation rate
- Training, knowledge and awareness
- Enhanced Accident Investigation and Analysis
- Safety Coordinators receive adequate time and recognition to manage the safety program effectively

## Office of the President Risk Management Goals

- Enterprise Risk Management
- Reduce the Cost of Risk (15% Reduction in 24 months)
- Strengthen Program Management and Claims Processes
- Optimize Risk Financing Strategy
- Further Develop Prevention and Loss Controls

## Overview of Trending Data

### Frequency & Severity

The encouraging downward trend in number (frequency) and cost (severity) of workers compensation claims, that began in 2003-04 continued in 2004-05. This is good news because workers compensation benefits (temporary and permanent disability payments) increased during the same time period. The major driver in this reduction was a reduction in claims by 125, and a \$500,000 reduction in cost the cost of those claims. This reduction in cost is almost entirely due to reduction in medical costs.

Academic units continue to trend well in both frequency and severity. Animal care and research continues to contribute to high cost and frequency in the School of Veterinary Medicine, Office of Research, and College of Agriculture and Environmental Studies. The Offices of Administration and Student Affairs continue to incur both high claim cost and frequency due to the nature of the service work performed in these units. This service work includes both significant physical labor, but high volume computer work, both of which generate a higher injury rate due to the nature of the work involved. Commitment to preventing these injuries through proactive programming and awareness and commitment to a culture of safety continues to be the critical factor necessary to reduce claims in these areas.

Tables A and B provide detail on frequency and severity for the 2004-05 academic year. Table C provides a 5 year summary of experience by academic and administrative unit. It also provides an injury rate and cost per 100 headcount. This allows units to examine their experience in comparison to similar units on campus. The headcount includes Campus employees (the School of Medicine is included but Medical Center employees are excluded), including student employees who are covered by workers' compensation when they are working in the scope of their student employment.

Table A

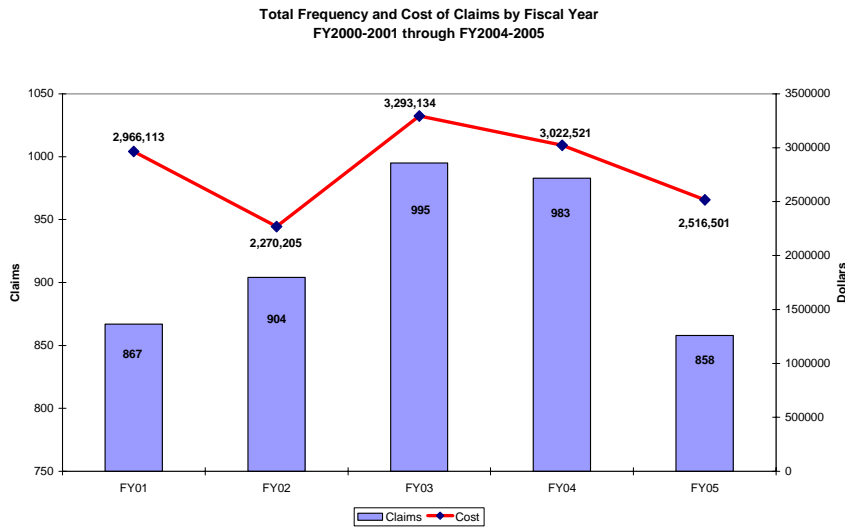


Table B

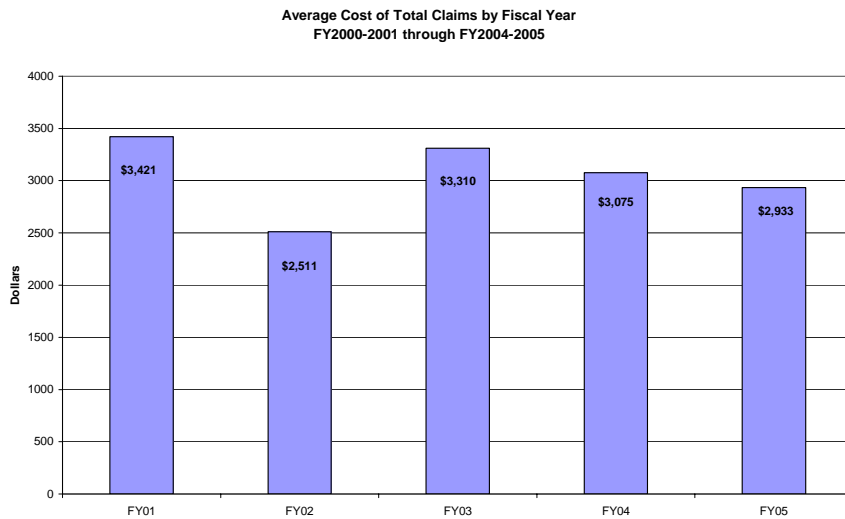


Table C

Frequency and Total Cost of Claims by Division by Fiscal Year FY2000-2001 through FY2004-2005												
Claims							Total Cost					
<i>Division</i>	FY01	FY02	FY03	FY04	FY05	FY05 Injury Rate per 100 Head Count	FY01	FY02	FY03	FY04	FY05	FY05 Total Cost per 100 Head Count
A&ES	83	91	85	80	74	2.54	\$190,284	\$241,486	\$335,370	\$174,182	\$300,791	\$10,312
Administration	245	233	247	278	222	12.67	\$1,554,272	\$716,211	\$1,055,139	\$1,347,953	\$836,362	\$47,738
Bio Sci	13	21	17	12	17	1.62	\$4,035	\$22,391	\$42,700	\$7,384	\$18,995	\$1,811
Chancellor/ Provost	38	27	23	19	19	3.63	\$105,116	\$53,974	\$54,122	\$64,794	\$30,927	\$5,902
DANR	50	41	40	46	39	4.40	\$184,975	\$249,967	\$129,317	\$310,006	\$219,527	\$24,749
Engineering	18	13	21	12	16	1.46	\$7,127	\$60,918	\$14,882	\$66,664	\$21,458	\$1,954
Grad Studies	2	3	5	2	1	0.70	\$7,161	\$2,252	\$25,614	\$484	\$0	\$0
I&ET	0	19	11	7	4	1.02	\$0	\$31,774	\$16,089	\$3,326	\$6,334	\$1,620
L&S	14	25	33	23	28	1.09	\$20,610	\$93,378	\$53,210	\$77,756	\$47,810	\$1,864
Law	3	1	2	3	2	1.16	\$763	\$318	\$411	\$11,250	\$20,937	\$12,173
Library	14	13	17	13	9	2.57	\$32,459	\$11,349	\$38,658	\$15,123	\$68,394	\$19,541
Med School	11	30	73	63	54	1.73	\$18,538	\$156,684	\$636,085	\$145,398	\$145,705	\$4,678
Research	14	43	106	102	90	8.96	\$11,879	\$85,040	\$171,421	\$184,116	\$168,611	\$16,794
Sch of Education	0	0	0	0	0	0.00	\$0	\$0	\$0	\$0	\$0	\$0
Sch of Management	0	0	1	1	0	0.00	\$0	\$0	\$4,192	\$218	\$0	\$0
Student Affairs	128	127	122	111	123	4.15	\$436,512	\$279,724	\$642,254	\$249,281	\$246,629	\$8,321
Univ Relations	9	2	10	4	8	2.54	\$4,597	\$917	\$31,500	\$3,876	\$19,398	\$6,158
Vet Met	225	215	182	207	152	8.39	\$387,785	\$263,822	\$315,170	\$360,710	\$364,623	\$20,123
<b>Totals</b>	<b>867</b>	<b>904</b>	<b>995</b>	<b>983</b>	<b>858</b>	<b>4</b>	<b>\$2,966,113</b>	<b>\$2,270,205</b>	<b>\$3,566,134</b>	<b>\$3,022,521</b>	<b>\$2,516,501</b>	<b>\$11,834</b>

## Single Claims over \$50,000

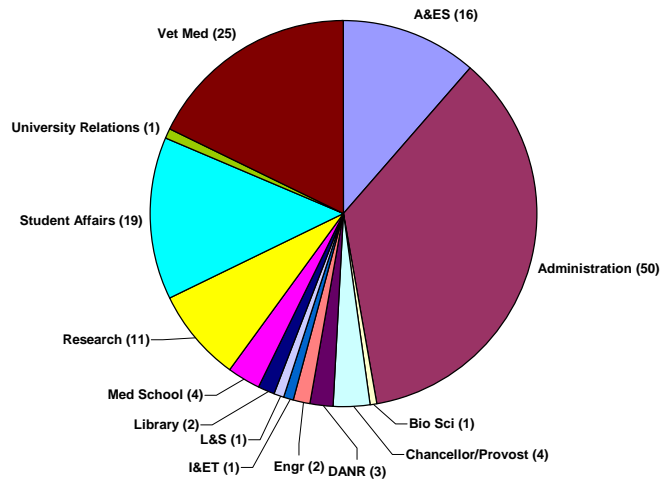
The five year trend for single claims costing over \$50,000 continues decrease. This key indicator declined another 11%. These claims represent the most severe injuries, always with significant medical bills, usually with surgery and hospital stays, and most importantly lost time. Table D provides detail regarding this small number of claims.

<b>Single Claims Greater than \$50,000 by Division and Body Part</b>		
<b>FY2000-2001 through FY2004-2005</b>		
<b>Division</b>	<b>Body Part</b>	<b>Cost</b>
<b><i>FY2005</i></b>		
Administration	Cardiovascular System	\$84,568.64
Administration	Back - Lumbar	\$71,465.00
Administration	Skull	\$51,602.76
Library	Multi-Back/Spine	\$63,084.77
Research	Face	\$72,178.20
Vet Med	Multiple Body Parts	\$150,355.00
	Total Cost	\$493,254
<b><i>FY2004</i></b>		
Administration	Knee(s)	\$221,685
Administration	Multiple - Stress	\$70,835
Administration	Multi-Upper Extremity	\$56,403
Administration	Back - Lumbar	\$52,951
DANR	Leg-Calf-Thigh(s)	\$95,873
Engr	Multiple Body Parts	\$56,428
	Total Cost	\$554,175
<b><i>FY2003</i></b>		
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
<b><i>FY2002</i></b>		
Administration	Multi-Upper Extremity	\$52,298
DANR	Back - Lumbar	\$86,875
Med School	Ankle(s)	\$76,350
	Total Cost	\$215,523
<b><i>FY2001</i></b>		
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

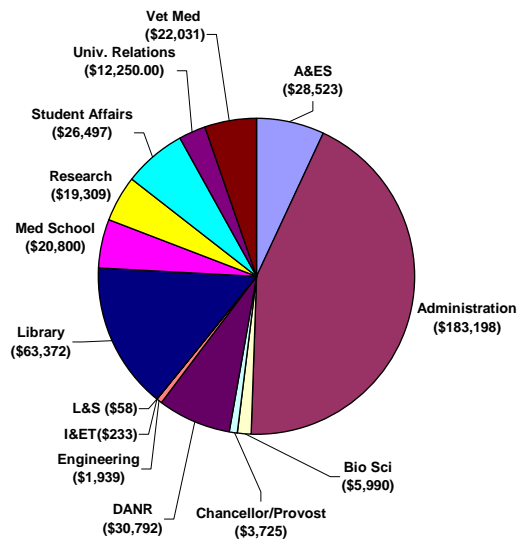
## Back Injuries

The trend in back injuries continues to be troubling. Claim numbers and cost continue to be high, and have been over the last five years. Back injuries occur in all areas of the campus, but most significantly in job categories with high physical labor or animal care involvement. A pilot program targeting back injuries by employing a root cause analysis process, has had mixed success. Departments involved in the pilot process have not found the current tools to be valuable and have found the additional paperwork burdensome. Modification of this program and alternate methodologies are being explored. However, the focus on prevention of back injuries continues to be a key goal for the workers compensation team. Table E illustrates the distribution and cost of back-injuries during 2004-05.

Back Injuries by Division  
FY2004-2005



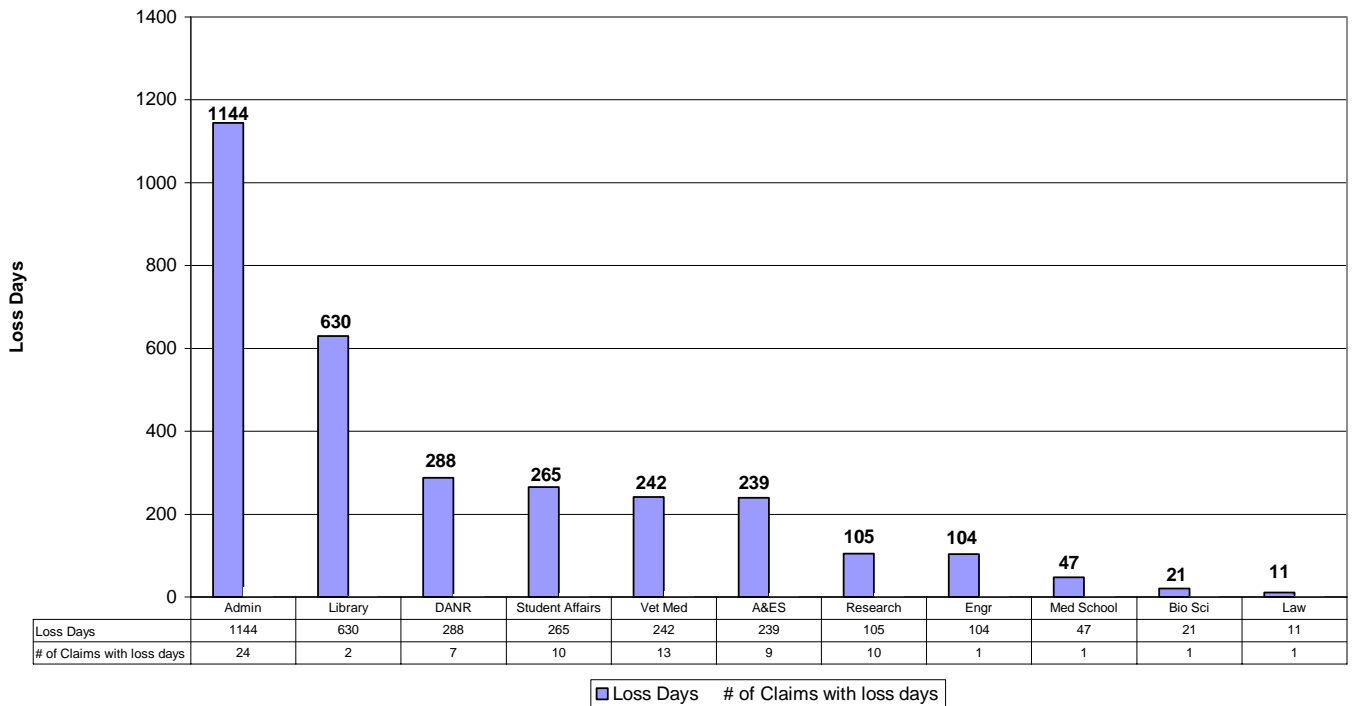
Total Cost of Back Injuries  
by Division  
FY2004-2005



## Lost Day Claims

Lost day claims are any claim that has over three days of lost work, where temporary disability payments are made to the employee. Over 90% of claims in 2004-05 had no lost days. However, the claims that did have lost days increased 8% over last year. This measurement is the only key indicator of cost that increased over the previous fiscal year. It is always the goal of the workers compensation program and the Employee Health Service to keep employees working and productive, on modified duty if necessary, during their period of recovery. Departmental commitment to the modified duty program is the primary component of the Campus' great success in keeping costs down. Specific data is displayed in Table F.

**Number of Claims with Loss Days  
by Division in Descending Order  
FY2004-2005**

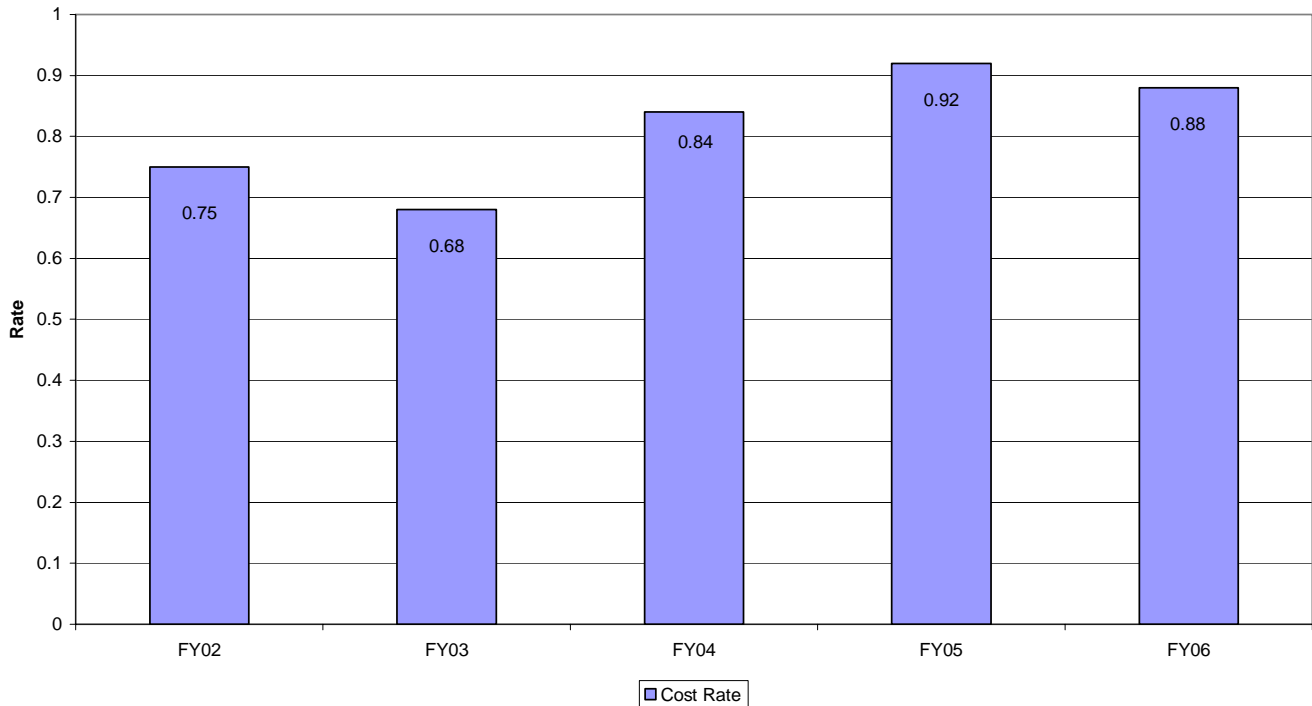


## Payroll Rates and Cost-Allocation

The UCD payroll rate for workers compensation had increased over the last two fiscal years. However the rate declined in 2004-05 due to improved performance of both the Davis program and system-wide as a whole. It is anticipated that payroll rates will be reduced further in 2006-07 based on the 2004-05 Davis experience.

Payroll rates are currently socialized at \$0.88/\$100 of payroll for all campus employees. Beginning in July, 2006, differential payroll rates will be implemented based on actual unit experience. Analysis and discussion of the cost-allocation process is taking place now and more information and details will be provided in coming months. Table G provides a 5 year history of UCD workers' compensation rates.

**Cost Rate per \$100 of Payroll  
FY2001-2002 through FY2005-2006**



The goal of differential cost allocation is financial accountability for work related injuries within the unit where the injuries occur. This should also promote awareness and commitment to the need for proactive safety and prevention activities. Campus resources are poised to assist departments in shoring up their safe practices and in providing training and strategies for reducing injuries to the greatest extent possible.

### **CONCLUSIONS**

UC Davis continues to be a model of a strong and effective workers compensation program among all the UC locations. Even so, 858 injuries occurred in 2004-05 with a cost of \$2.5 million for injuries incurred in that fiscal year, and \$7.7 million for all open claims on the Davis campus for all injury dates. This is a very large budget item, and represents a significant loss in productivity as well. The Campus workers compensation leadership is committed to improving the situation and in providing support in the areas of prevention and promotion of a stronger campus safety culture. It is important for all employees, managers, supervisors, department chairs, and unit leaders, to make a commitment to reducing the number of injuries that occur on this Campus ever year. Prevention is the primary goal of the workers compensation program for the coming year. We ask for your help in achieving this goal and stand ready to provide support in making this goal a reality.

Elizabeth Meyer, Director  
Occupational Health, Injury and Disability Services