

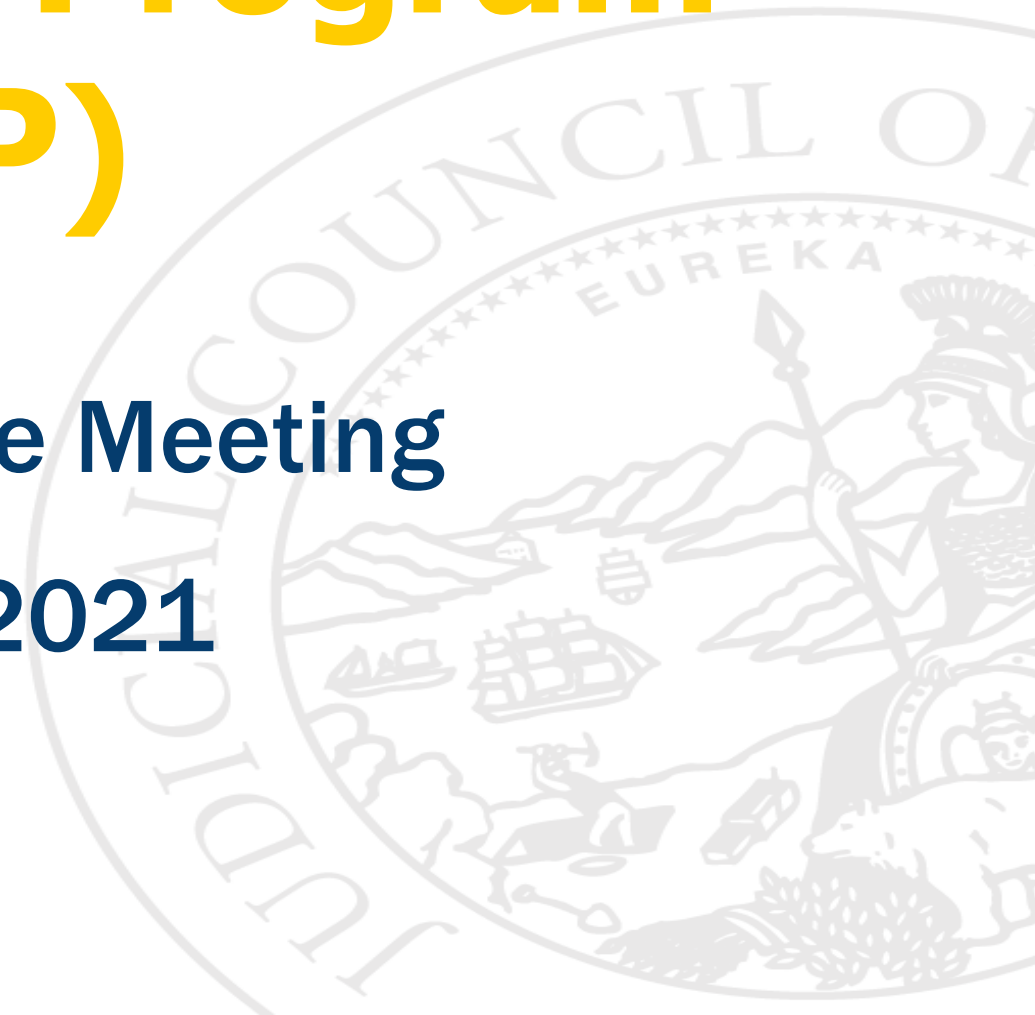
Judicial Branch Workers' Compensation Program (JBWCP)

Advisory Committee Meeting

February 23, 2021



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Call to Order & Roll Call



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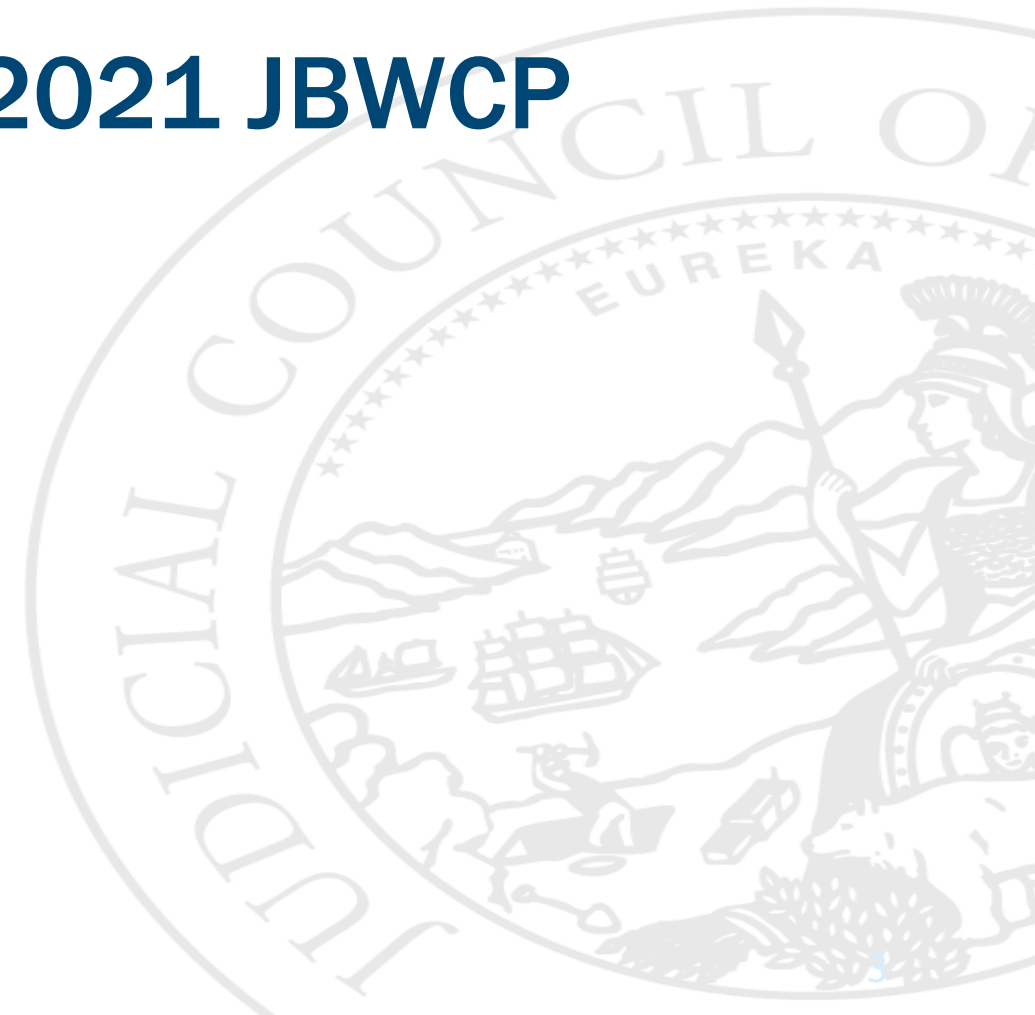


Approval of Minutes

**Minutes from the August 24, 2021 JBWCP
Advisory Committee meeting**



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Public Comments



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Workers' Compensation Legislative Updates

COVID-19 Legislation

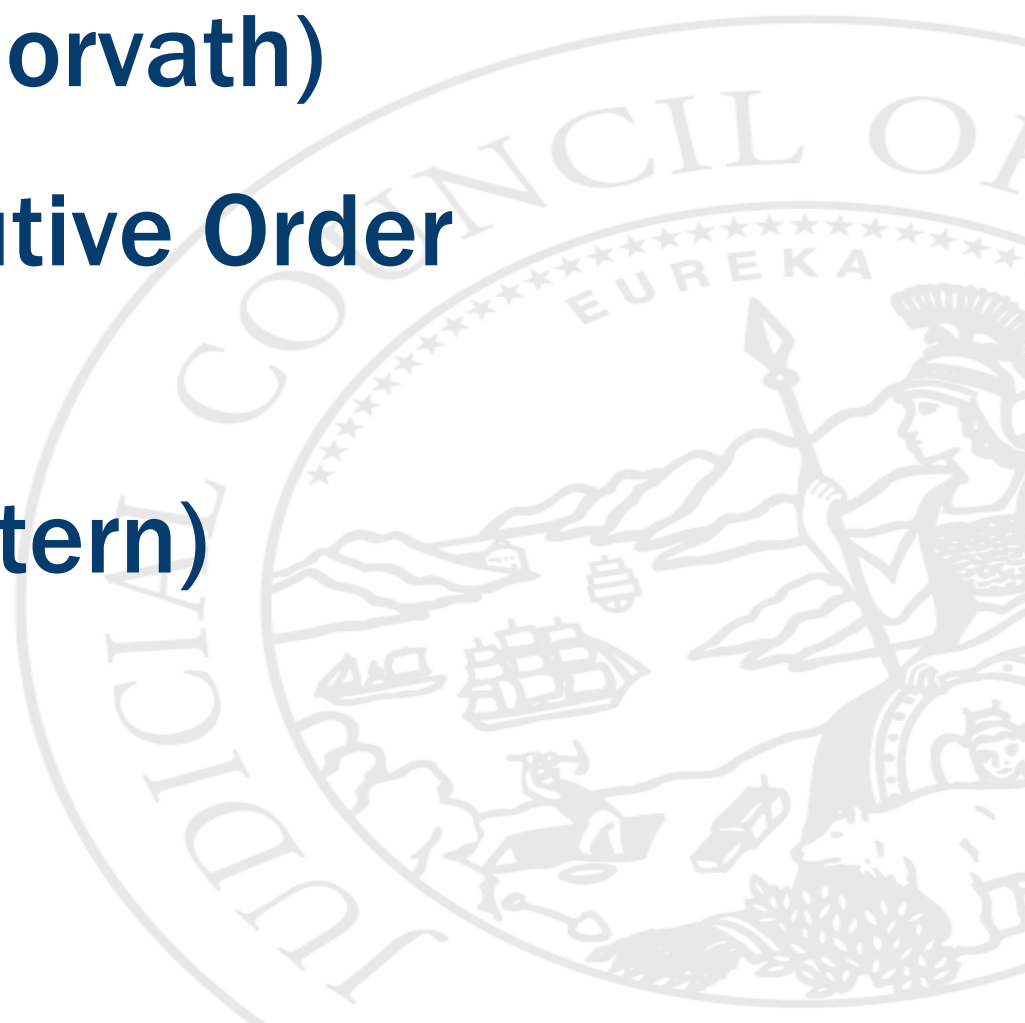


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Pending Legislation

- **AB 55 – Telecommuting (Horvath)**
- **AB 108 – Governor’s Executive Order (Cunningham)**
- **SB 46 – Contact Tracing (Stern)**



COVID-19 Updates

JBWCP Claims Experience



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COVID - Industrial Causation

- **March 19, 2020 – July 5, 2020**
 - **Executive Order**
 - Employees working on employer premises who tested positive for COVID-19 were presumed to have been infected on the job.
- **July 6, 2020 – December 31, 2022**
 - **SB 1159**
 - Presumption of injury for safety employees
 - Presumption of injury for non-safety employees if certain criteria met.



JBWCP COVID Claims

- **Claims filed: 29** (6 in E.O. period – 23 in SB1159 period)
 - **Accepted: 9** (4 E.O. – 5 SB1159)
 - **Under Delay: 5** (all SB1159 – 4 have no presumption, 1 does)
 - **Denied: 15** (2 E.O. – 13 SB1159)
 - 6 – No Positive Test / 8 – No employment causation / 1 claim withdrawn
- **18 claims remain open at this time.**



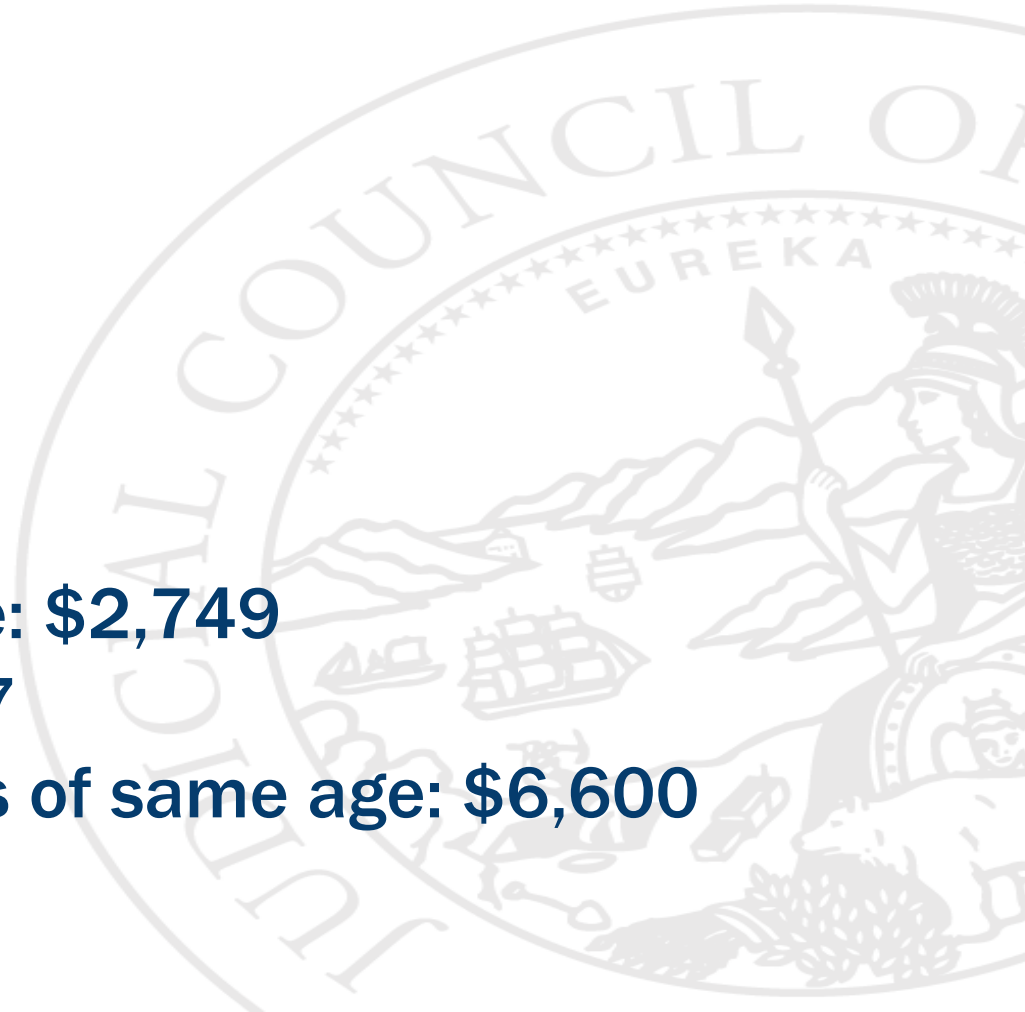
JBWCP COVID Claims

- **1 Judge / 1 Safety Employee**
- **Litigation: 2 files (1 accepted, 1 denied)**
- **Claims post SB1159**
 - **1175 positive tests reported by JBWCP Members**
 - **23 claims – 2 had an Outbreak in effect.**



Claim Costs through Jan 31, 2021

- **Totals**
 - Paid: \$69,363
 - Reserved: \$121,345
 - Total Incurred: \$190,709
- **Averages**
 - Average paid per claim: \$2,238
 - Average paid/all claims of same age: \$2,749
 - Average outstanding reserve: \$6,547
 - Average outstanding/all open claims of same age: \$6,600



Claim Counts

- **April – December 2020: 18 claims filed.**
 - 8 remain open.
- **January, 2021: 11 claims filed.**
 - 10 remain open.



JBWCP Overall Claims

- **April 2020 – January 2021**
 - **Total claims filed: 284**
 - **29 COVID claims = ~10%**
 - **Cumulative Trauma – 119 (42%); Falls – 59 (21%)**



Pre-COVID Comparison

- **April 2019 – January 2020 – 403 claims**
 - **Average decrease over last 10 years: 36 files**
 - **Projection for 4/20 – 1/21: 367**
 - **Actual: 284**



Comparisons

- **AIMS Public Agency Employers**
 - **COVID Claims (March 2020 to January 2021): 1030**
 - **Claim Status (as of January 2021)**
 - **698 Closed / 332 Open**
 - **Financials**
 - **Average paid per file = \$3539 (JBWCP \$2,238)**
 - **Average reserved per file = \$17,368 (JBWCP \$6,547)**



Comparisons

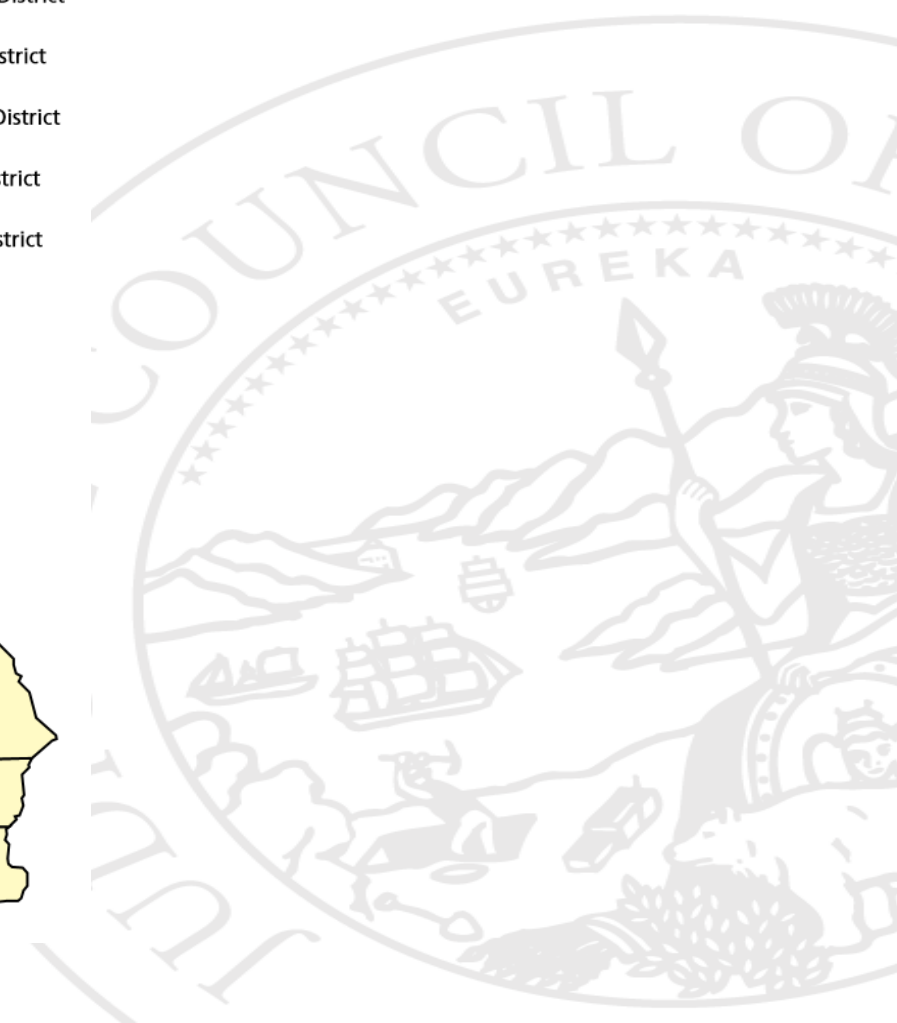
- **CWCI (January 25, 2021 Newsletter) Reports COVID Claims Statewide**
 - **Anticipated filing of COVID Claims in excess of 37,573 by end of February 2021**
 - **15.7% of reported claims for 2020 were COVID related**
 - **48% of reported industrial deaths were COVID related for 2020**
 - **36.6% of COVID claims were denied as non-industrial**
 - **Due to negative test results**



State of California – Regional Districts



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Claim Detail by District

District	Date of Loss	Claim Status	Presumption Applicable?	Litigated?	Status	Total Paid	Total Reserved	Total Incurred
1	6/19/2020	Accepted	Yes - EO	N	CL	\$883.20	\$0.00	\$883.20
1	9/4/2020	Denied / no causal relationship to employment	No - No Outbreak	N	CL	\$0.00	\$0.00	\$0.00
1	11/17/2020	Denied / no causal relationship to employment	No - No Outbreak	N	OP	\$0.00	\$0.00	\$0.00
1	12/17/2020	Converted from IO / Delayed til 3/19/2021	No - No Outbreak	N	RO	\$0.00	\$4,000.00	\$4,000.00
1	12/31/2020	Denied / no causal relationship to employment	No - No Outbreak	N	OP	\$0.00	\$3,000.00	\$3,000.00
1	12/31/2020	Denied / No positive test	No - No Outbreak / No positive test	N	CL	\$0.00	\$0.00	\$0.00
1	12/31/2020	Denied / No positive test	No - No Outbreak / No positive test	N	OP	\$0.00	\$1,100.00	\$1,100.00
1	1/14/2021	Denied / no causal relationship to employment	No - No Outbreak	N	OP	\$0.00	\$0.00	\$0.00
2	11/9/2020	Denied / Elected not to seek care.	No - No Outbreak / No Qualifying Test	N	OP	\$0.00	\$700.00	\$700.00
3	6/8/2020	Accepted	Yes - EO	N	CL	\$0.00	\$0.00	\$0.00
3	7/3/2020	Denied / No positive test	Yes - EO	N	CL	\$0.00	\$0.00	\$0.00
3	9/18/2020	Denied / No positive test	No - No Outbreak / No Positive Test	N	CL	\$0.00	\$0.00	\$0.00
3	10/23/2020	Denied / no causal relationship to employment	No - No Outbreak	N	OP	\$1,244.92	\$26,653.48	\$27,898.40
3	1/4/2021	Delayed til 4/21/2021	No - No Outbreak / No qualifying test	N	OP	\$0.00	\$1,750.00	\$1,750.00
3	1/15/2021	Accepted	Yes - Safety Officer Presumption	N	OP	\$0.00	\$1,750.00	\$1,750.00
4	4/20/2020	Accepted	Yes - EO	N	OP	\$30,347.24	\$15,578.25	\$45,925.49
4	6/3/2020	Denied / did not submit positive test	Yes - EO	N	CL	\$0.00	\$0.00	\$0.00
4	6/25/2020	Accepted	Yes - EO	Y	OP	\$13,214.72	\$11,851.63	\$25,066.35
4	7/15/2020	Accepted / Known exposure	No - No Outbreak	N	CL	\$1,627.75	\$0.00	\$1,627.75
4	11/9/2020	Accepted / Known exposure	No - No Outbreak	N	OP	\$81.20	\$10,418.80	\$10,500.00
4	11/17/2020	Denied / no causal relationship to employment	No - No Outbreak	N	CL	\$120.19	\$0.00	\$120.19
4	12/4/2020	Delayed til 3/5/2021	No - No Outbreak	N	OP	\$0.00	\$4,100.00	\$4,100.00
4	12/8/2020	Accepted after delay / Presumptive injury	Yes - Outbreak in effect	N	OP	\$5,614.00	\$26,985.63	\$32,599.63
5	8/7/2020	Denied / no causal relationship to employment	No - No Outbreak	Y	OP	\$16,230.20	\$5,519.80	\$21,750.00
5	12/9/2020	Denied / no causal relationship to employment	No - No Outbreak	N	CL	\$0.00	\$0.00	\$0.00
5	1/4/2021	Delayed til 4/2/2021	No - No Outbreak	N	OP	\$0.00	\$670.00	\$670.00
5	1/15/2021	Claim being delayed to confirm eligible test.	Yes - Outbreak in effect	N	OP	\$0.00	\$0.00	\$0.00
6	7/13/2020	Denied / did not submit positive test	No - No Outbreak / No Positive Test	N	CL	\$0.00	\$0.00	\$0.00
6	1/15/2021	Accepted / Known exposure	No - No Outbreak	N	OP	\$0.00	\$7,267.72	\$7,267.72
						\$69,363.42	\$121,345.31	\$190,708.73



Judicial Branch Workers' Compensation Program Oversight

**2020 Third Party Administrator
Annual Audit Results**



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Audit Objectives

- Establish a broad baseline of key performance indicators across 14 distinct audit categories
- Identify areas of opportunity within the Program to enhance both Vendor and Member performance
- Provide strategic recommendations to ensure future compliance $\geq 90\%$, adoption of best practices and support future Program initiatives



Audit Areas Of Focus

- **Technical performance**
- **Regulatory compliance**
- **Contractual compliance**
- **Customer service**
- **Member involvement**



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Audit Methodology

- Review of 180 indemnity claims
- Relevant audit timeframe 11/1/19 through 10/31/20
- Segmentation of claims based upon:
 - Claim Examiner (18 each)
 - Trial Courts and Judiciary/Judicial Officers
 - Member Size



Overview Of Audit Results

- Overall adjusted and unadjusted audit scores = **94.45** and **92.62** respectively
- Compliant in eight of the thirteen adjusted audit categories evaluated (i.e., $\geq 90\%$)
- Opportunities of performance improvement:
 - Three-Point Contact – **82.61**
 - Reserving – **89.84**
 - Disability Mgmt. – **85.61**
 - Communication – **88.76**
 - Settlement/Resolution – **89.88**



JBWCP Member Loss Reporting

Overall Score – 65.38

Compliant

- *No compliant metrics observed*

Improvement Required

- JBWCP Member timely submission of First Report of Injury Form 5020 to Third Party Administrator – **65.38** (Not Scored)

Recommendations

- Alignment of JBWCP Member reporting requirements between AIMS Service Guidelines and JBWCP Claims Manual
- Reiterate importance of prompt reporting of new losses to JBWCP Members (generalized training)
- Tracking of late loss reporting by Member with one-on-one follow-up as required (specialized training)
- Consider redesign of current cost allocation mechanism to incentivize desired behavior based upon actual Member performance



Claim Setup & Assignment

Overall Score – 97.33

Compliant

- Average days to assign new losses = 1 calendar day – **96.77**
- Initial claim classifications are appropriate (i.e., medical only vs. indemnity) – **96.55**
- Claims requiring escalation timely reclassified and reassigned – **100.00**

Recommendations

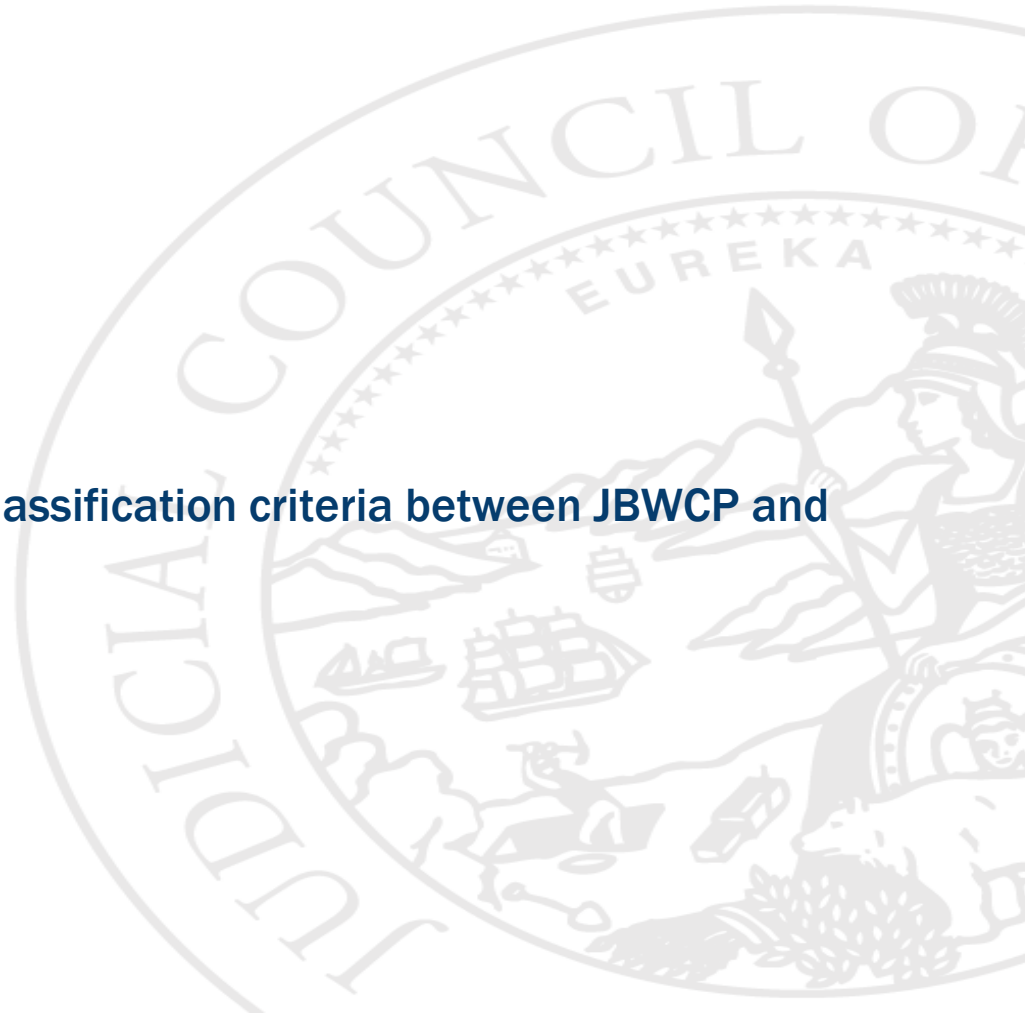
- Amend Service Guidelines to memorialize agreed-upon claim classification criteria between JBWCP and Third Party Administrator

Improvement Required

- *No deficiencies observed*



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Three-Point Contacts

Overall Score – 82.61

Compliant

- *No compliant metrics observed*

Recommendations

- Amend Service Guidelines to:
 - Require 24-hour contact with Claimants and Medical Providers (clarification of standard)
 - Define follow-up communication attempt requirements as two additional attempts within two business days
 - Require follow-up with Members by Adjusters for alternate contact information for Claimants after 2 business days of unsuccessful contact attempts
 - Require follow-up with JBWCP lead Trial Court and Judiciary contacts by Adjusters for assistance communicating with Members after two business days of unsuccessful attempts

Improvement Required

- Initial contact attempts with Members, Claimants and Providers made within 1 business day – **81.48, 87.50** and **85.71** respectively.
- Follow-up contact attempts with Members, Claimants and Providers were both timely and appropriate – **71.43, 81.82** and **50.00** respectively.
- Adjusters timely follow-up with Members to secure Claimant contact information where communications are unsuccessful – **33.33 (Not Scored)**



Investigation

Overall Score – 91.43

Compliant

- All necessary actions taken to evaluate compensability – **96.77**
- Compensability decision timelines compliant with statutory requirements – **100.00**
- Recorded statement utilization reasonable – **100.00**
- Field investigation utilization and authorization is appropriate – **100.00**
- Compensability decisions documented – **93.55**
- Sub-rosa assignments thorough and timely – **100.00**

Recommendations

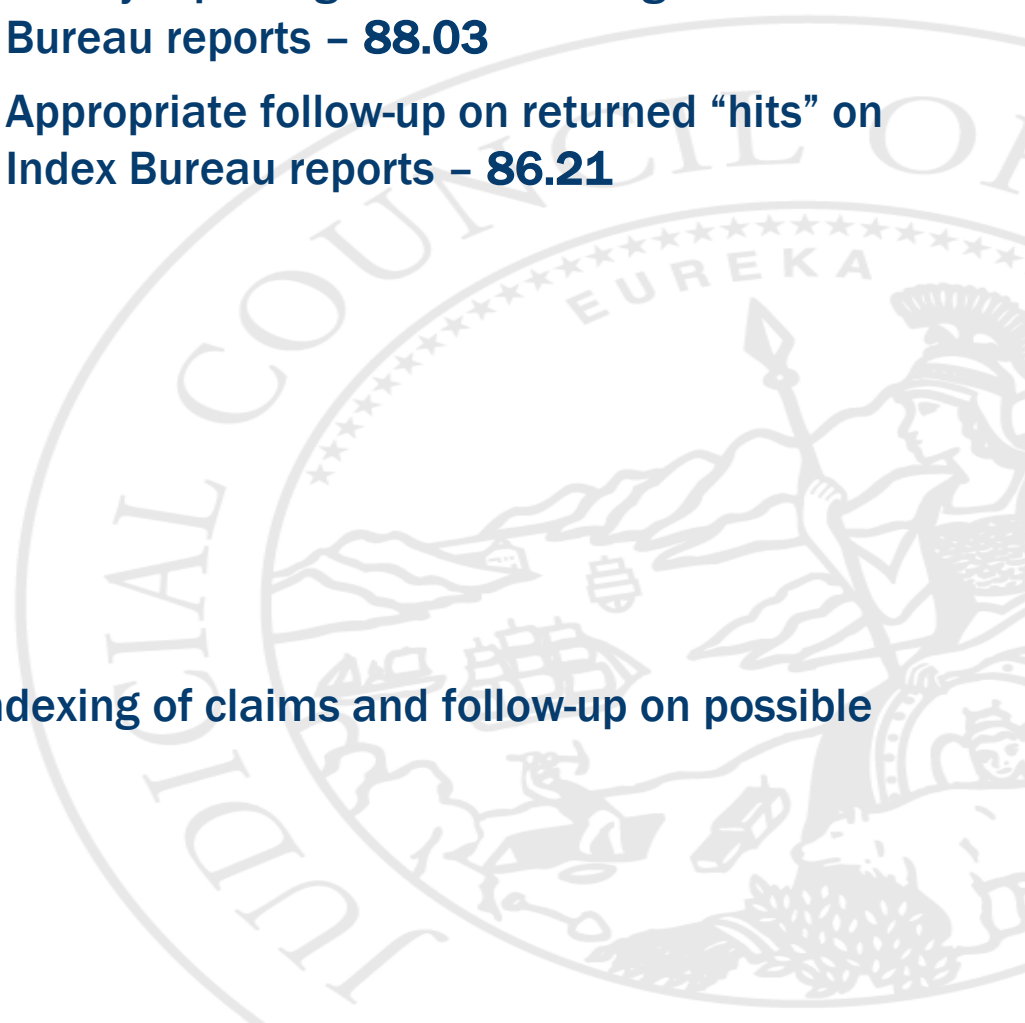
- AIMS review of current process deficiencies with respect to re-indexing of claims and follow-up on possible “hits” with submission of corrective action plan

Improvement Required

- Timely reporting and re-indexing to Index Bureau reports – **88.03**
- Appropriate follow-up on returned “hits” on Index Bureau reports – **86.21**



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Medical Cost Containment

Overall Score – 99.61

Compliant

- Claimants actively treat within AIMS/AMC Medical Provider Network (MPN) – **100.00**
- Appropriate redirection of care to AIMS/AMC MPN or documentation of deviation – **100.00**
- Efforts to soft-channel care Claims to preferred Providers where possible – **100.00**
- Issues of causation, treatment and permanent and stationary status time addressed – **99.23**
- Timely utilization review referrals – **100.00**
- Medical examinations and peer reviews are appropriate and timely – **98.82**

Recommendations

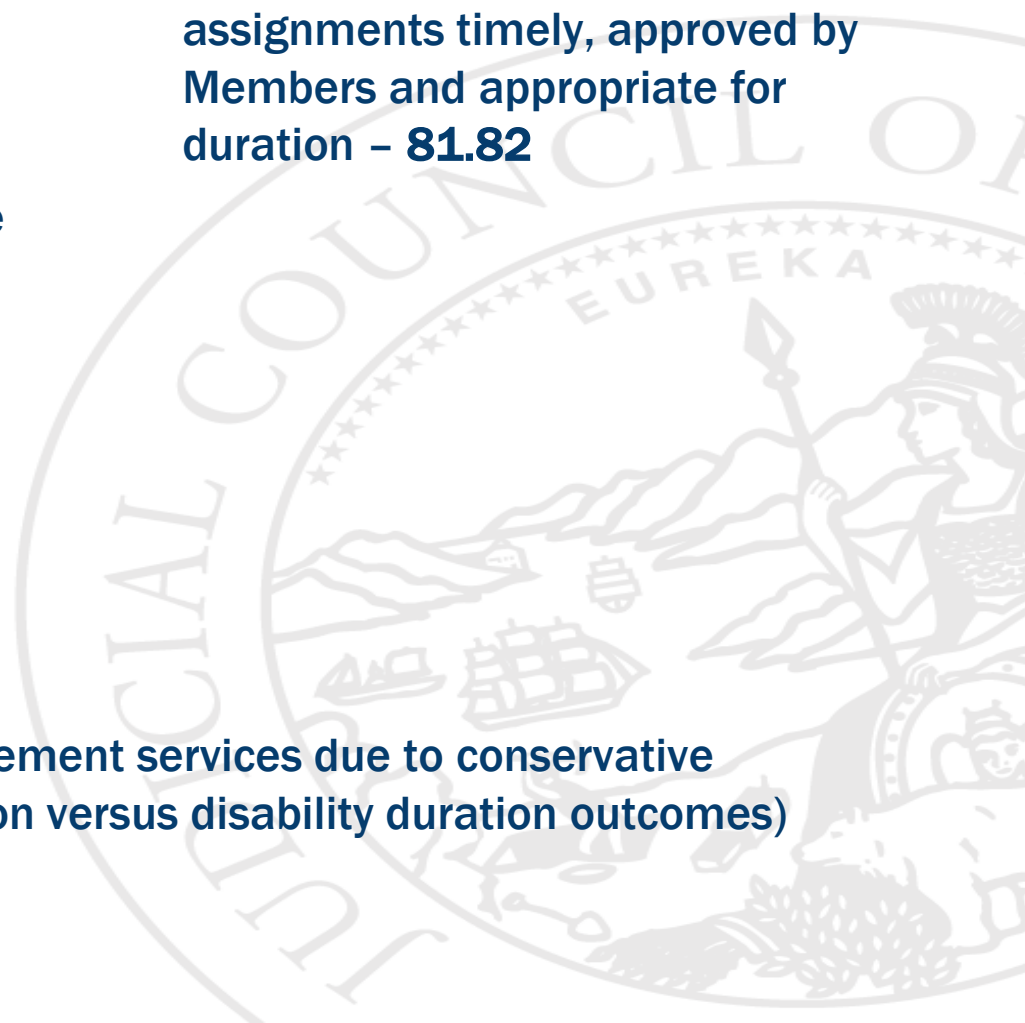
- Conduct a specialized audit of the effectiveness of case management services due to conservative utilization of nurses (outcomes-based analysis of nurse utilization versus disability duration outcomes)

Improvement Required

- Nurse case management assignments timely, approved by Members and appropriate for duration – **81.82**



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Disability Management

Overall Score – 85.61

Compliant

- Proactive return to work efforts performed by Nurses and Adjusters – **93.10**
- Clarifications relating to temporary and permanent restrictions requested from treating and consulting physicians – **90.48**

Recommendations

- Reiterate current communication and documentation requirements with Adjusters and Nurses
- Review by Vendor of internal processes, oversight mechanisms and system access capabilities by AIMS and AMC for necessary modifications to ensure consistent delivery of disability management services
- Require use of Official Disability Guidelines by Adjuster to manage disabilities – particularly where expected disabilities are expected to exceed ODG estimates. Incorporate requirements in Service Guidelines.

Improvement Required

- Adjusters/Nurses requested clarification from treating Providers where Claimants' disability durations exceeded recognized industry standards – **58.33**
- Changes in temporary and permanent work restrictions timely communicated to Members – **84.85**
- Confirmation e-mails from Members regarding the (in)ability to accommodate work restrictions received and documented by Adjusters – **86.49**



Litigation Management

Overall Score – 97.86

Compliant

- Timely and appropriate referrals to counsel – **100.00**
- Appropriate follow-up by Adjusters with Counsel where warranted – **98.59**
- Appropriate collaboration with Counsel – **96.25**
- Adjusters work collaboratively with Members and Counsel to maintain control of referrals – **100.00**
- Counsel activities appropriately monitored by Adjusters – **97.47**
- Appropriate delegations of work – **98.73**
- Adjusters response to Counsel requests – **97.33**

Recommendations

- *No recommendations warranted*

Improvement Required

- *No deficiencies observed*



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Subrogation & Offsets

Overall Score – 96.88

Compliant

- Subrogation potential identified – **100.00**
- Subrogation timely pursued – **100.00**
- Authority secured for compromised settlement of third party liens – **100.00**
- Apportionment potential identified – **95.24**
- Apportionment appropriately pursued – **97.14**
- Contribution potential identified – **100.00**
- Contribution appropriately pursued – **100.00**

Recommendations

- *No recommendations warranted*

Improvement Required

- *No deficiencies observed*



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Reserving

Overall Score – 89.84

Compliant

- Initial case reserves timely – **91.67**
- Case reserves sufficiently documented – **92.70**

Reserving Practices

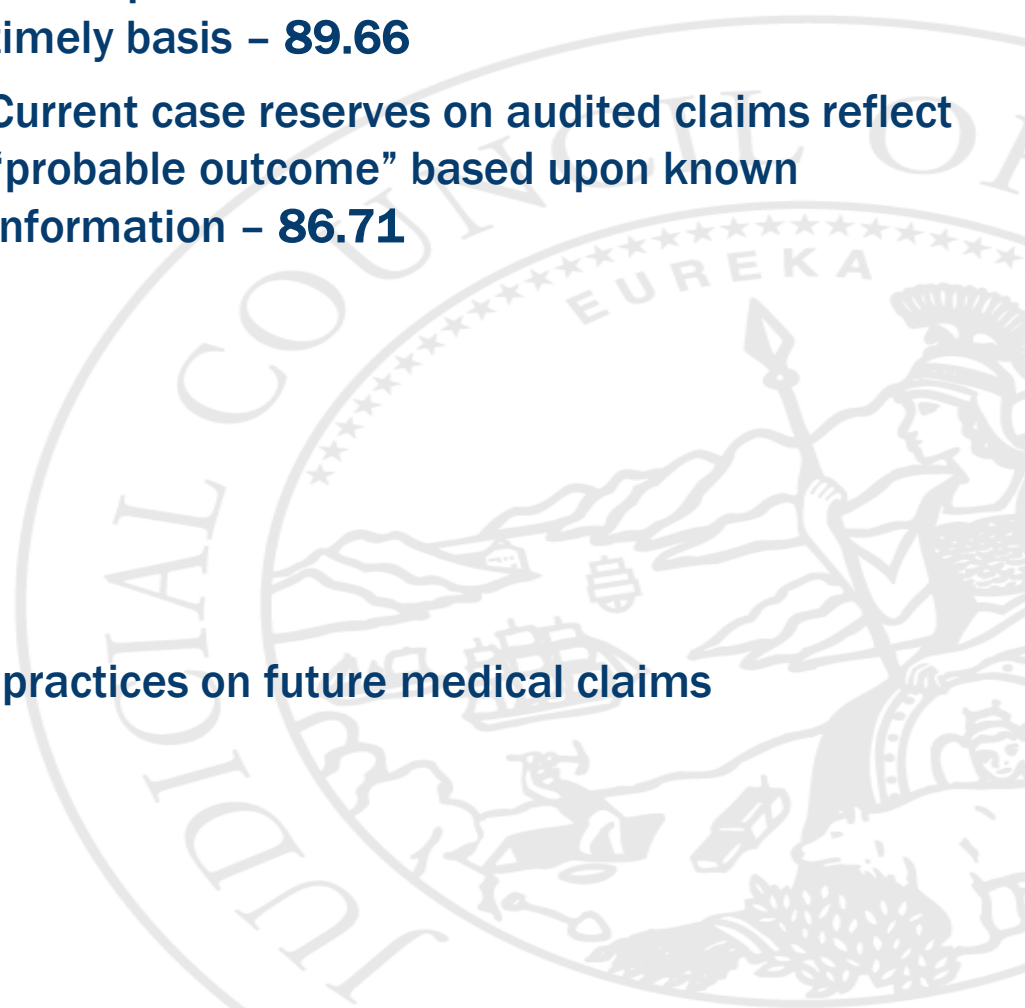
- Observed aggregate variance between total incurred claim values at time of audit versus Marsh’s comparative estimates is (4.5%) or (\$729,667.00)
- A tendency to under-reserving was identified and was most pronounced on medical reserves – particularly on future medical claims.

Recommendations

- Amend Service Guidelines relating to medical benefit reserving practices on future medical claims

Improvement Required

- Subsequent case reserve evaluations occur on a timely basis – **89.66**
- Current case reserves on audited claims reflect “probable outcome” based upon known information – **86.71**



Communications

Overall Score – 88.76

Compliant

- Appropriate communication maintained with JBWCP Members including responding to requests within one business day – **98.08**

Recommendations

- Reiterate communication requirements to AIMS Adjusters and Supervisors
- Amend AIMS Service Guidelines and internal operational documentation to reflect desired communication requirements

Improvement Required

- Adjusters maintain ongoing communication with Claimants during periods of total disability and modified duty – **63.89**
- Adjusters keep JBWCP Members informed of claim file developments and resolution plans – **88.19**



Payments

Overall Score – 98.90

Compliant

- Average weekly wage/benefit rates appropriately calculated – **96.91**
- Temporary and permanent disability benefits paid timely – **100.00** and **100.00** respectively
- Medical invoices paid timely – **100.00**
- Medical payments appropriate – **100.00**
- Legal invoices paid timely – **100.00**
- 132(a) awards not paid off claims – **100.00**
- Benefit notices appropriate – **100.00**
- EDD liens proactively managed – **94.74**

Recommendations

- Reiterate requirements to Adjusters and reinforce via supervisory oversight mechanism

Improvement Required

- Notifications regarding overpayments provided to AIMS Program Manager and documented in claim files by Adjusters – **66.67**
- Adjusters attempted to recover overpayments and/or offset against future payments – **75.00**



Settlement/Resolution

Overall Score – 89.88

Compliant

- Adherence to settlement authority guidelines by Adjusters – **100.00**

Recommendations

- Amend Service Guidelines to require completion of settlement evaluation/authorization requests within 2 weeks of “triggering” event
- Enhanced tracking and prompt resolution of Provider liens
- Expedite claim closures:
 - By developing strategic vendor relationships and allowing for collaboration in settlement discussions
 - Through data mining to target and prioritize focus files for settlement

Improvement Required

- Early recognition of resolution opportunities with creativity in settlement approach – **89.87**
- Comprehensive Settlement Authority Requests completed within 2 weeks of a “triggering” event by Adjuster – **87.27 (Not Scored)**
- Medicare Set-Asides/Medicare-related issues addressed – **88.46**
- Aggressive, timely and strategic negotiations – **85.48**
- Provider and EDD liens timely and effectively resolved – **81.25**
- Claims closed without delays following final bill payment – **87.50**
- Administrative closures on future medical claims with no medical treatment for more than one year – **50.00**



Strategic Plans/Documentation

Overall Score – 96.18

Compliant

- Initial and subsequent claim reviews timely – **100.00** and **95.51** respectively
- Claims are appropriately documented – **96.11**
- Timely execution of activities – **94.44**
- Timely completion of open diaries – **99.44**
- Timely follow-through on recommendations – **94.58**

Operational Metrics

- Total Adjusters per claim reviewed = **1.17**
- Average indemnity Adjuster caseload = **82.28**

Recommendations

- Adoption of the use of target completion dates within Adjuster strategy plans by AIMS coupled with amendment of Service Guidelines to reflect the change

Improvement Required

- Target completion dates are not consistently utilized by AIMS Adjusters within strategy plans – **50.86** (*Not Scored*)
- Monthly caseload target exceeded by one Adjuster for a three-month timeframe (VanCamp)



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Supervisory Review

Overall Score – 94.00

Compliant

- Timely completion of initial reviews – **96.67**
- Timely subsequent reviews based upon claim type – **96.02**
- Supervisors provide timely, responsive and meaningful direction – **93.89**

Operational Metrics

- Total assigned Supervisors per claim = **1.08**
- Span of control = **4.5 to 1**

Recommendations

- Amend Service Guidelines to align subsequent supervisory review timelines for both medical only and indemnity claims
- Adoption of best practices requiring supervisory reviews every 90 days on indemnity claims.

Improvement Required

- Supervisors conducted appropriate level of follow-up where Adjusters failed to respond to direction – **80.65**



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Workers' Compensation Oversight

2020 Managed Care Provider Annual Audit Results



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Audit Objectives

- Establish a broad baseline of key performance indicators across 5 distinct audit categories
- Identify areas of opportunity within the Program to enhance Vendor performance
- Provide strategic recommendations to ensure future compliance $\geq 90\%$, adoption of best practices and support future Program initiatives



Audit Areas of Focus

- **Technical performance**
- **Regulatory and contractual compliance**
- **Customer service**



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Audit Methodology

- Review of 90 claims
- Relevant audit timeframe 11/1/19 through 10/31/20
- Segmentation of claims featuring nurse case management services based upon a combination of spend and payment frequency.



Overview Of Audit Results

- Overall score = **87.54**
- Compliant in two of the five audit categories evaluated (i.e., => 90%)
- Opportunities of performance improvement:
 - Nurse triage - **70.77**
 - Nurse case management - **88.17**
 - Pharmacy Benefits Program - **85.04**



Nurse Triage

Overall Score – 70.77

Compliant

- Timely completion of triage template – **91.67**
- Approvals for triage where Claimant is a Judge – **100.00**
- Documentation of triage activity in AlliedConnect/Ventiv – **100.00**

Recommendations

- AMC should reinforce communication requirements with Triage Nurses
- Refine Managed Care Guidelines to better align with Program objectives and promote information flow
- Documentation if medical treatment is within ODG/ACOEM Guidelines
- Evaluate the necessity for all claims under the Managed Care Guideline and existing referral triggers

Improvement Required

- Timely communication with Claimant and Providers – **57.14**
- Obtain transitional work and Employee duty statement – **20.00**
- Timely providing triage reports to Adjusters – **66.67**



Nurse Case Management (NCM)

Overall Score – 88.17

Compliant

- Utilization of Nurse consistent with protocols – **100.00**
- Nurse progress reports are comprehensive – **94.12**
- Progress reports reference ODG and ACOEM – **96.88**
- Initial and follow-up nurse evaluations are timely – **96.00** and **96.97** respectively
- Developments timely provided to Adjusters – **100.00**
- Lost time and return to work dates documented – **100.00**
- Claim notes well documented – **100.00**
- Positive nurse impacts observed – **93.55**

Recommendations

- Reiteration of case management requirements among AMC Nurses as well as evaluation of current processes and roles relating to case management services delivery
- Amend Guidelines regarding documentation requirements, NCM mid-case triggers, and leveraging ODG where disability durations exceed targets

Improvement Required

- Timely initiation of Case Management – **79.17**
- Timely completion of 3-point contacts – **39.13**
- Timely reporting of appointment updates – **84.38**
- Field case management evaluation at 60 days – **25.00**
- Collaboration with Nurse, Adjuster and Supervisor at 90 days – **81.82**



NCM Closure Criteria

Overall Score – 98.00

Compliant

- Nurse case management assignment are timely closed and in alignment with Managed Care Guideline criteria – **100.00**
- Closure reports timely completed – **95.65**

Improvement Required

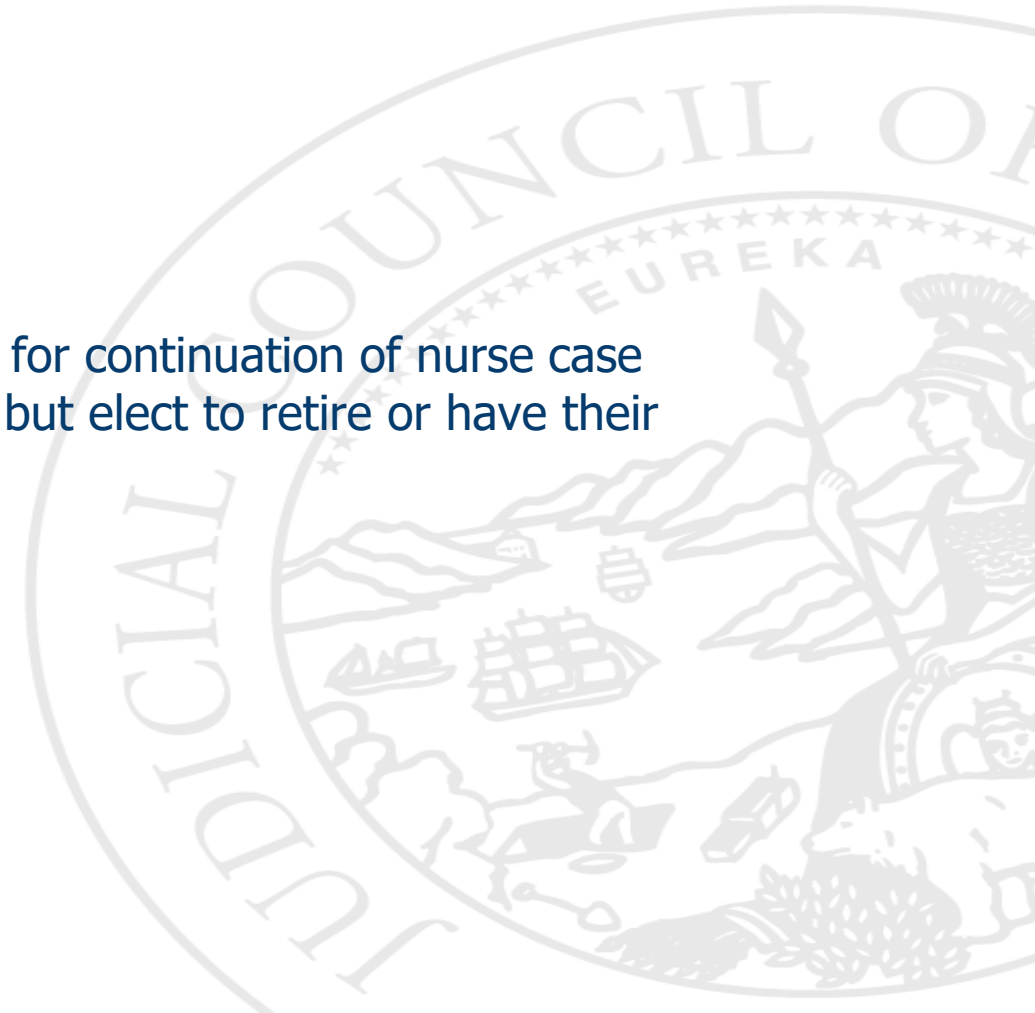
- *No deficiencies observed*

Recommendations

- Revision of Managed Care Guidelines closure criteria to allow for continuation of nurse case management where Claimants are released to modified duty but elect to retire or have their employment terminated (continue through full duty release)



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Medical Provider Network

Overall Score – 100.00

Compliant

- Nurse Case Manager influence over choice of treatment within the preferred medical provider network (MPN) – **100.00**
- MPN Providers appropriately diagnosed Claimant injuries – **100.00**

Recommendations

- *No recommendations warranted*

Improvement Required

- *No deficiencies observed*



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Pharmacy Benefits Program

Overall Score – 85.04

Compliant

- Utilization of HealthSystems pharmacy network program – **97.92**
- Non-exempt medications falling outside of California pharmacy formulary reviewed by Pharmacy Nurse – **100.00**
- Pharmacy Nurses requested Reasons For Assessments and medical reports from Providers on medications requiring Utilization Review prior to release – **94.74**

Recommendations

- Reinforce the importance of collaboration between Pharmacy Nurses and Adjusters – particularly where medications are held
- Reiterate the requirement for Pharmacy Nurses to communicate with Claimants why medications are being held and what steps must be undertaken to allow for release

Improvement Required

- Communication with Claimants and Adjusters explaining rationale and required actions prior to release of medication – **46.67**



Follow-up Auditing Activities

- **Legal Program Evaluation (including claim audit) of the Workers' Compensation Program is currently underway**



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Options for Implementation

Review audit recommendations and:

- **Implement without change**
- **Implement with modifications**
- **Move for further discussion during closed discussion**



Presentation of Draft Actuarial Report

Becky Richard

Senior Manager, Actuarial Consulting, Bickmore



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2020 - 21 Actuarial Report

- Brief Review of Terminology
- Outstanding Liabilities at June 30, 2021
 - a.k.a. Reserves
- 2021 - 22 Funding Guidelines
 - a.k.a. Rates



The Lingo

- **Loss – Medical/Indemnity for WC**
- **ALAE – Allocated Loss Adjustment Expenses, which consist primarily of legal fees, usually analyzed together with loss**
- **ULAE – Unallocated Loss Adjustment Expenses, which consist primarily of claims administration expenses (in-house or TPA), usually analyzed separately from loss**



Ultimate Loss

- Ultimate Loss is the total cost of claims occurring in a given year
- Components of Ultimate Loss
 - = Paid Loss
 - The Accountant's Number
 - + Case Reserves
 - The Claim Adjuster's Number
 - + IBNR (Incurred But Not Reported) Reserves
 - The Actuary's Number



Reserves

- Reserves are the amounts remaining to be paid on claims occurring in a given year
- Also called outstanding liabilities

So,

- Reserves = Case Reserves + IBNR Reserves

Or...

Reserves = Ultimate Losses – Paid Losses



Paid Loss Development – Trial Courts

Accident Year	Expected	Actual	Difference
Prior	\$106,700	\$429,934	\$323,234
2003-04	185,602	388,635	203,033
2004-05	57,202	42,080	(15,122)
2005-06	181,656	209,535	27,879
2006-07	227,755	143,009	(84,746)
2007-08	172,923	217,087	44,164
2008-09	184,406	162,696	(21,710)
2009-10	316,917	289,142	(27,775)
2010-11	380,442	530,817	150,375
2011-12	395,007	602,149	207,142
2012-13	555,315	477,424	(77,891)
2013-14	594,374	587,609	(6,765)
2014-15	645,333	684,018	38,685
2015-16	938,289	1,242,219	303,930
2016-17	1,236,395	893,477	(342,918)
2017-18	1,655,252	1,274,666	(380,586)
2018-19	2,214,083	1,989,617	(224,466)
2019-20	2,492,403	1,912,783	(579,620)
Total	\$12,540,054	\$12,076,897	(\$463,157)

**Paid
Losses**

**Development
from
12/31/19
to
12/31/20**



Incurring Loss Development – Trial Courts

Accident Year	Expected	Actual	Difference
Prior	\$68,577	\$251,060	\$182,483
2003-04	62,314	244,718	182,404
2004-05	41,719	16,794	(24,925)
2005-06	68,885	133,468	64,583
2006-07	85,361	(299,236)	(384,597)
2007-08	130,081	87,081	(43,000)
2008-09	227,558	87,471	(140,087)
2009-10	376,290	3,310	(372,980)
2010-11	337,485	35,860	(301,625)
2011-12	329,961	14,290	(315,671)
2012-13	422,363	103,656	(318,707)
2013-14	356,928	(24,741)	(381,669)
2014-15	421,922	318,011	(103,911)
2015-16	551,833	601,802	49,969
2016-17	784,105	172,608	(611,497)
2017-18	1,590,976	557,059	(1,033,917)
2018-19	2,988,847	2,323,147	(665,700)
2019-20	5,039,893	2,642,998	(2,396,895)
Total	\$13,885,098	\$7,269,356	(\$6,615,742)

Incurring Losses

Development from 12/31/19 to 12/31/20

-\$4.6M for Recent 5 Years

Favorable Overall



Ultimate Loss – Trial Courts

Accident Year	Prior	Current	Change
Prior	\$41,870,000	\$42,054,000	\$184,000
2003-04	21,156,000	21,340,000	184,000
2004-05	14,257,000	14,218,000	(39,000)
2005-06	14,301,000	14,353,000	52,000
2006-07	14,886,000	14,451,000	(435,000)
2007-08	13,818,000	13,720,000	(98,000)
2008-09	11,876,000	11,418,000	(458,000)
2009-10	17,499,000	16,675,000	(824,000)
2010-11	16,462,000	15,832,000	(630,000)
2011-12	15,745,000	15,219,000	(526,000)
2012-13	17,326,000	17,240,000	(86,000)
2013-14	13,795,000	13,684,000	(111,000)
2014-15	13,706,000	13,784,000	78,000
2015-16	14,495,000	14,773,000	278,000
2016-17	13,027,000	12,917,000	(110,000)
2017-18	13,643,000	12,554,000	(1,089,000)
2018-19	13,619,000	12,642,000	(977,000)
2019-20	14,610,000	12,976,000	(1,634,000)
Total	\$296,091,000	\$289,849,000	(\$6,242,000)



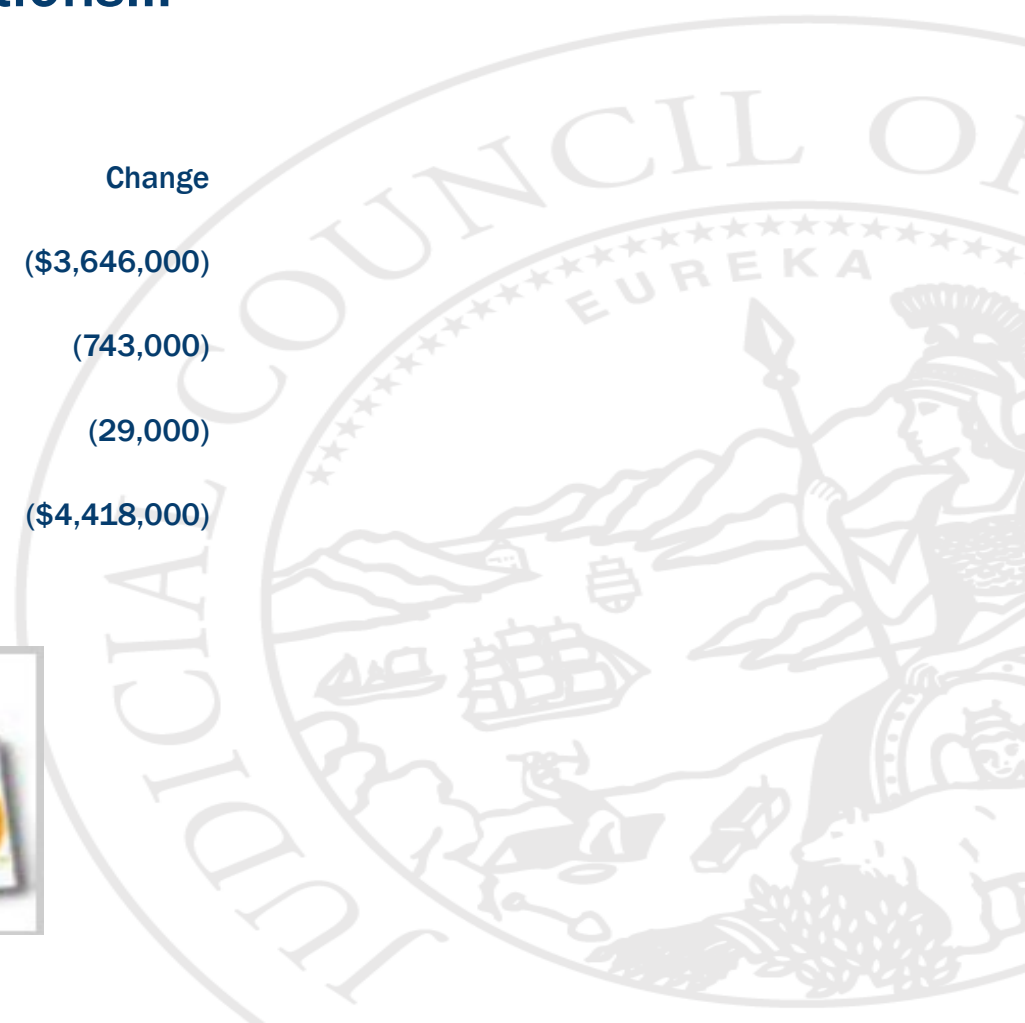
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Liabilities – Trial Courts

Comparison of June 30 Projections...

	Prior Report June 30, 2020	Current Report June 30, 2021	Change
Case Reserves	\$23,353,000	\$19,707,000	(\$3,646,000)
IBNR Reserves	42,534,000	41,791,000	(743,000)
ULAE Reserves	5,822,000	5,793,000	(29,000)
Total Reserves	\$71,709,000	\$67,291,000	(\$4,418,000)



Paid Loss Development – Judiciary

Accident Year	Expected	Actual	Difference
Prior	\$91,894	\$92,641	\$747
2003-04	0	0	0
2004-05	0	0	0
2005-06	1,472	0	(1,472)
2006-07	2,934	173	(2,761)
2007-08	3,654	0	(3,654)
2008-09	18,330	41,060	22,730
2009-10	7,513	0	(7,513)
2010-11	10,992	46,560	35,568
2011-12	10,772	1,063	(9,709)
2012-13	11,645	1,025	(10,620)
2013-14	12,175	2,243	(9,932)
2014-15	26,511	26,924	413
2015-16	56,851	73,365	16,514
2016-17	47,731	14,406	(33,325)
2017-18	65,597	15,735	(49,862)
2018-19	91,295	73,139	(18,156)
2019-20	69,114	76,437	7,323
Total	\$528,480	\$464,771	(\$63,709)

Paid Losses

Development from 12/31/19 to 12/31/20



Incurred Loss Development – Judiciary

Accident Year	Expected	Actual	Difference
Prior	\$19,963	\$67,919	\$47,956
2003-04	0	0	0
2004-05	0	0	0
2005-06	2,302	(6,025)	(8,327)
2006-07	6,061	173	(5,888)
2007-08	3,464	(19,345)	(22,809)
2008-09	12,268	(65,683)	(77,951)
2009-10	13,332	0	(13,332)
2010-11	7,312	(16,371)	(23,683)
2011-12	15,393	1,062	(14,331)
2012-13	14,060	1,025	(13,035)
2013-14	12,588	(10,794)	(23,382)
2014-15	18,900	14,623	(4,277)
2015-16	30,059	57,687	27,628
2016-17	55,621	24,008	(31,613)
2017-18	77,265	45,572	(31,693)
2018-19	134,581	66,460	(68,121)
2019-20	173,530	67,903	(105,627)
Total	\$596,699	\$228,214	(\$368,485)

**Incurred
Losses**

**Development
from
12/31/19
to
12/31/20**

**-\$237K for
Recent 4 Years**

**Favorable
Overall**



Ultimate Loss – Judiciary

Accident Year	Prior	Current	Change
Prior	\$13,700,000	\$13,791,000	\$91,000
2003-04	289,000	289,000	0
2004-05	366,000	366,000	0
2005-06	246,000	229,000	(17,000)
2006-07	607,000	575,000	(32,000)
2007-08	280,000	242,000	(38,000)
2008-09	889,000	811,000	(78,000)
2009-10	760,000	686,000	(74,000)
2010-11	368,000	309,000	(59,000)
2011-12	652,000	639,000	(13,000)
2012-13	516,000	431,000	(85,000)
2013-14	168,000	81,000	(87,000)
2014-15	388,000	370,000	(18,000)
2015-16	752,000	824,000	72,000
2016-17	602,000	548,000	(54,000)
2017-18	466,000	390,000	(76,000)
2018-19	611,000	562,000	(49,000)
2019-20	677,000	647,000	(30,000)
Total	\$22,337,000	\$21,790,000	(\$547,000)



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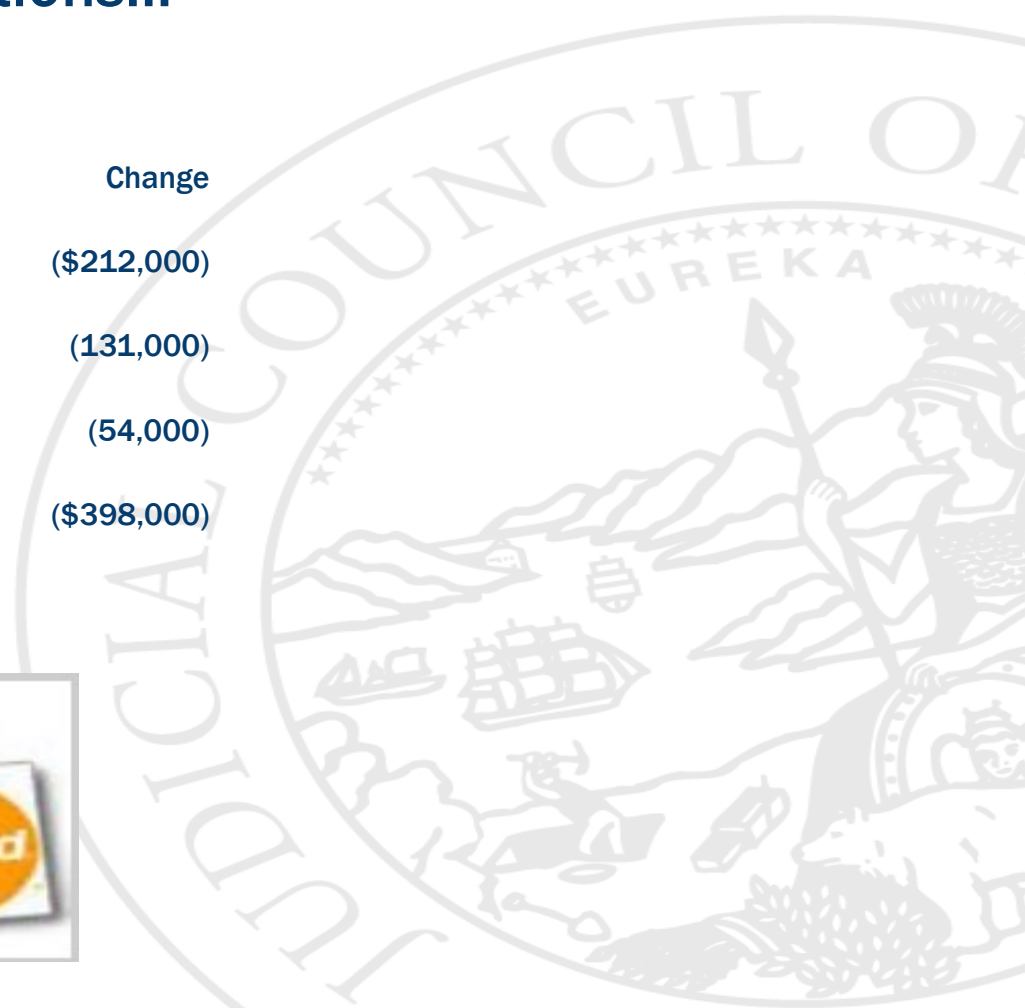
Liabilities – Judiciary

Comparison of June 30 Projections...

	Prior Report June 30, 2020	Current Report June 30, 2021	Change
Case Reserves	\$1,245,000	\$1,033,000	(\$212,000)
IBNR Reserves	2,388,000	2,257,000	(131,000)
ULAE Reserves	918,000	864,000	(54,000)
Total Reserves	\$4,551,000	\$4,153,000	(\$398,000)



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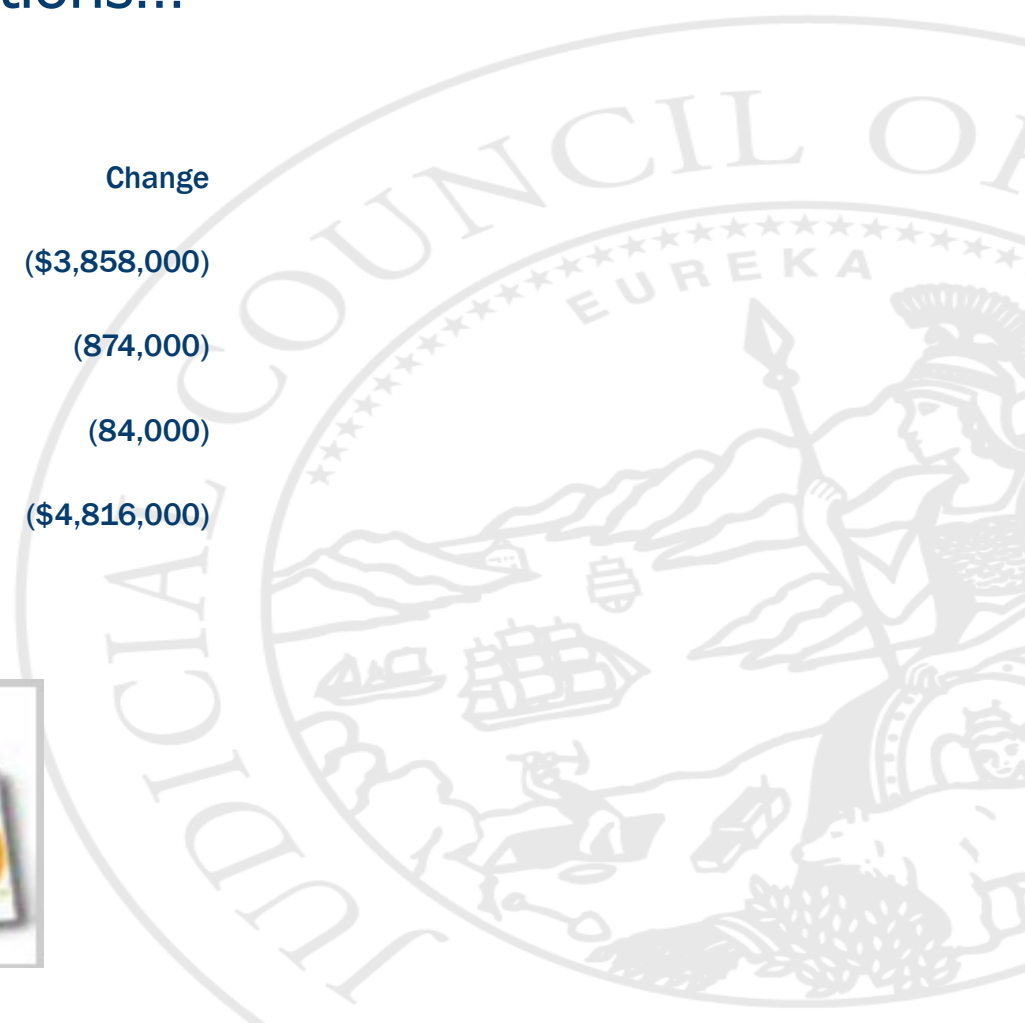
Liabilities – Total Trial Courts and Judiciary

Comparison of June 30 Projections...

	Prior Report June 30, 2020	Current Report June 30, 2021	Change
Case Reserves	\$24,598,000	\$20,740,000	(\$3,858,000)
IBNR Reserves	44,922,000	44,048,000	(874,000)
ULAE Reserves	6,740,000	6,656,000	(84,000)
Total Reserves	\$76,260,000	\$71,444,000	(\$4,816,000)



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Outstanding Liabilities at 6/30/21

As of June 30, loss and ALAE by year...

Accident Year	Trial Courts	Judiciary	Total
Prior	\$1,956,000	\$658,000	\$2,614,000
2004-05	294,000	0	294,000
2005-06	678,000	0	678,000
2006-07	539,000	0	539,000
2007-08	715,000	0	715,000
2008-09	591,000	66,000	657,000
2009-10	1,077,000	0	1,077,000
2010-11	1,437,000	0	1,437,000
2011-12	1,749,000	78,000	1,827,000
2012-13	2,886,000	0	2,886,000
2013-14	2,680,000	0	2,680,000
2014-15	3,397,000	125,000	3,522,000
2015-16	4,092,000	339,000	4,431,000
2016-17	4,600,000	233,000	4,833,000
2017-18	5,598,000	289,000	5,887,000
2018-19	7,268,000	384,000	7,652,000
2019-20	9,605,000	511,000	10,116,000
2020-21	12,336,000	606,000	12,942,000
Total	\$61,498,000	\$3,289,000	\$64,787,000



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Outstanding Liabilities at 6/30/21

As of June 30, Adding ULAE and Confidence Levels...

	Trial Courts	Judiciary	Total
Loss and ALAE Reserves	\$61,498,000	\$3,290,000	\$64,787,000
ULAE Reserves	\$5,793,000	\$864,000	\$6,657,000
Total Reserves			
Expected	\$67,291,000	\$4,153,000	\$71,444,000
70%	\$72,607,000	\$4,681,000	\$77,288,000
75%	\$74,693,000	\$4,909,000	\$79,602,000
80%	\$77,116,000	\$5,175,000	\$82,290,000
85%	\$80,076,000	\$5,507,000	\$85,583,000
90%	\$83,912,000	\$5,947,000	\$89,859,000

Confidence levels reflect variability of outstanding liabilities



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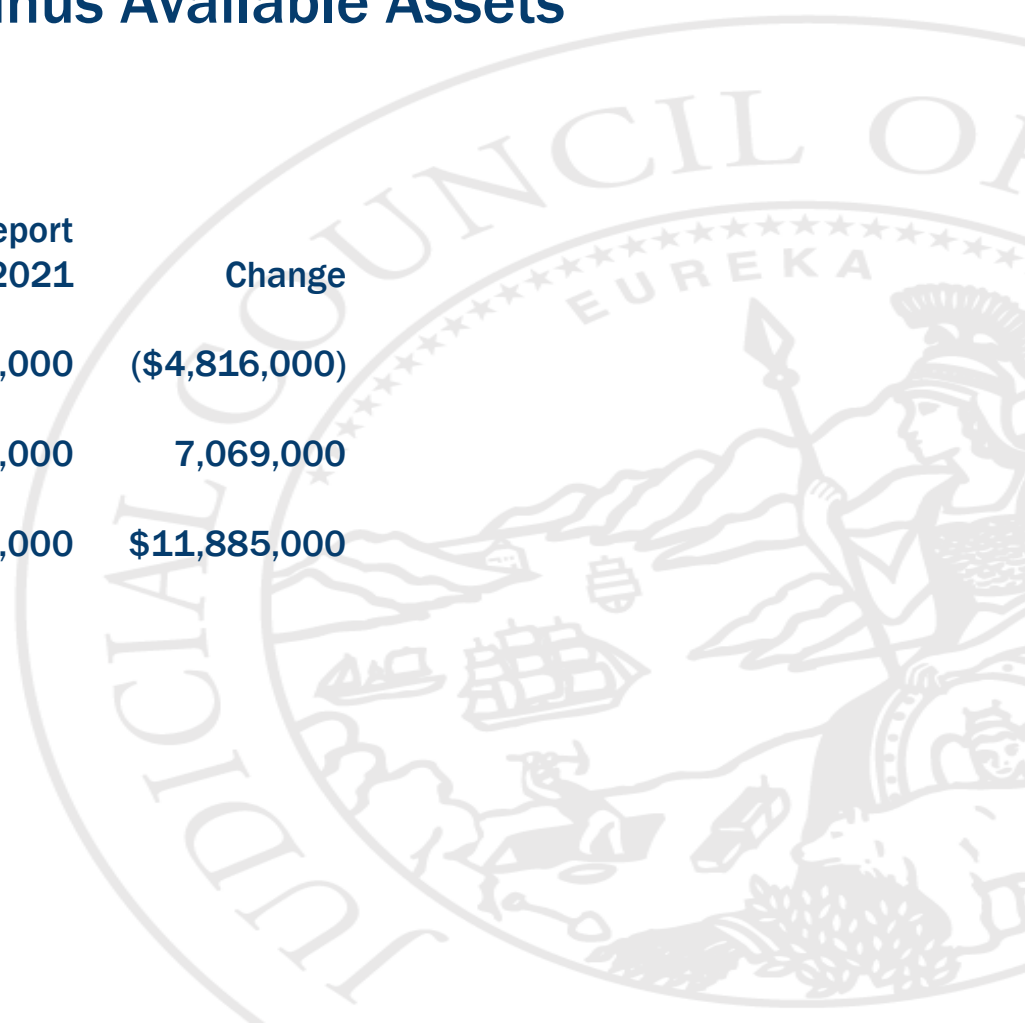
Funding Margin at 6/30/21

As of June 30, Outstanding Liability minus Available Assets

	Prior Report June 30, 2020	Current Report June 30, 2021	Change
Total Reserves	\$76,260,000	\$71,444,000	(\$4,816,000)
Assets	64,620,000	71,689,000	7,069,000
Deficit	(\$11,640,000)	\$245,000	\$11,885,000

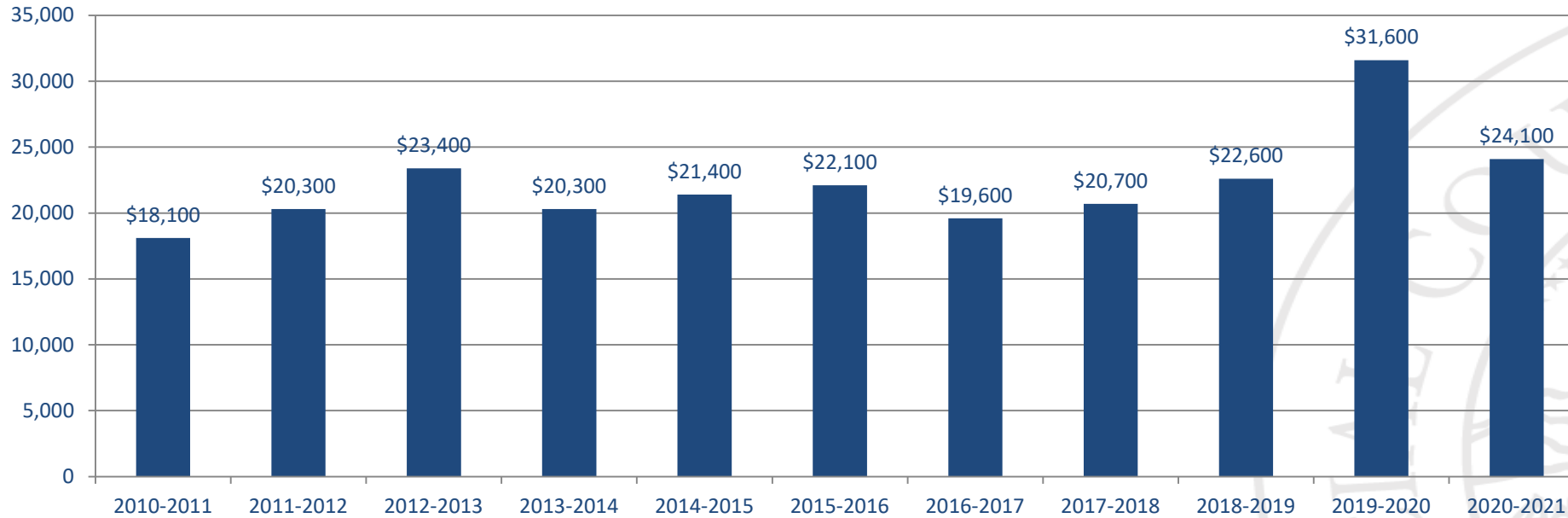


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Severity Trends – Trial Courts

Loss per Claim



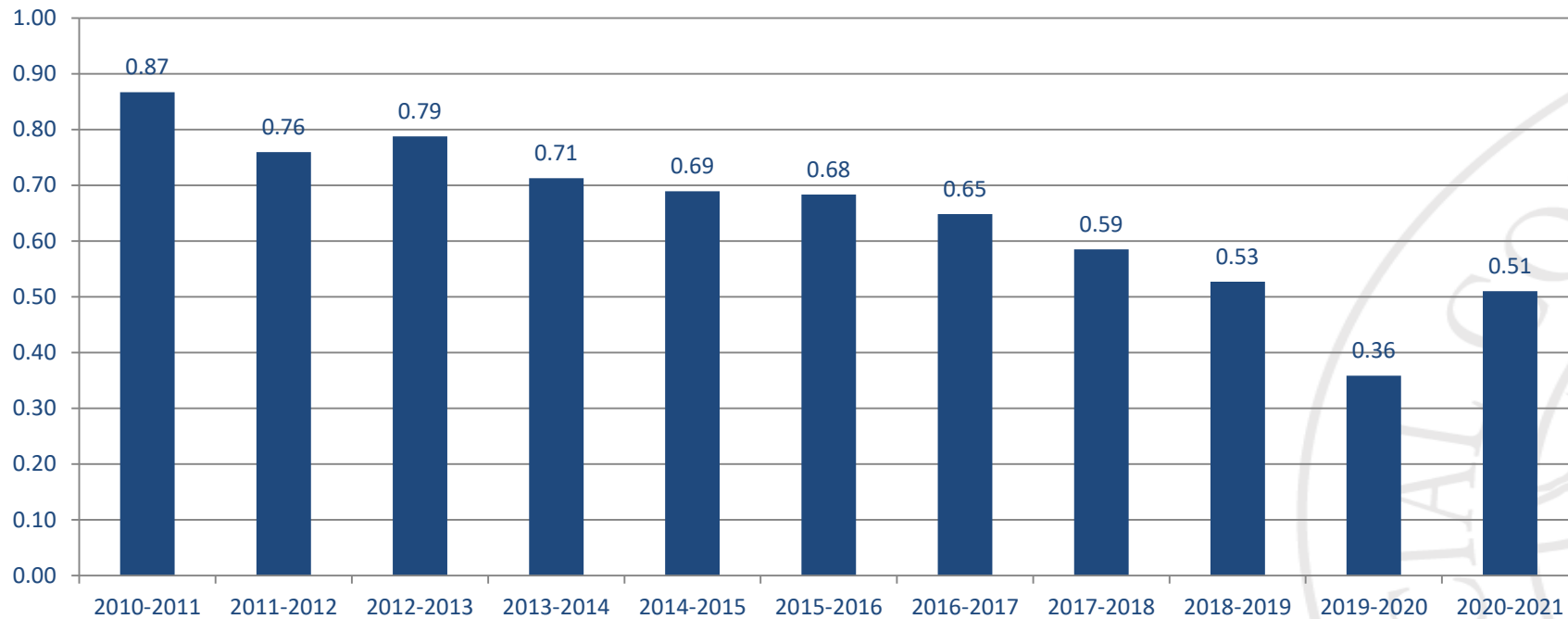
Increasing Trend



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Frequency Trends – Trial Courts

Claims per \$1M of Payroll

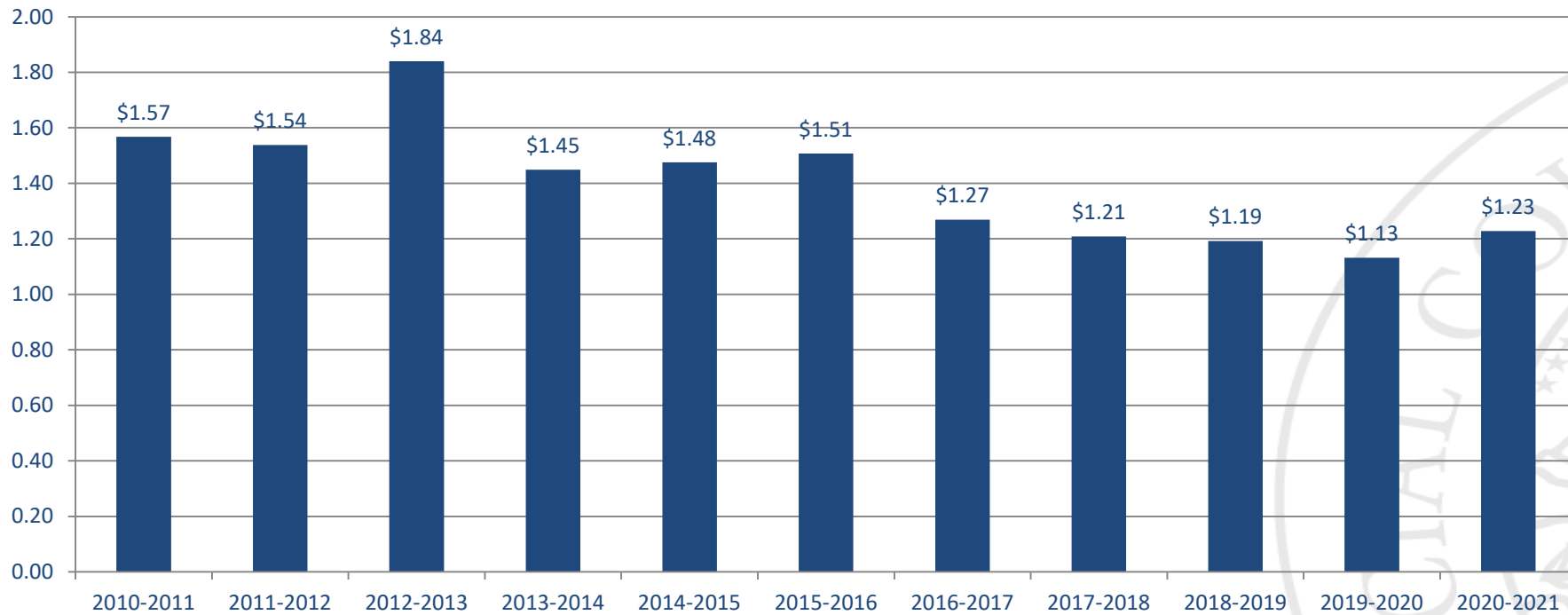


Decreasing Trend



Loss Rate Trends – Trial Courts

Loss Rate per \$100K of Payroll

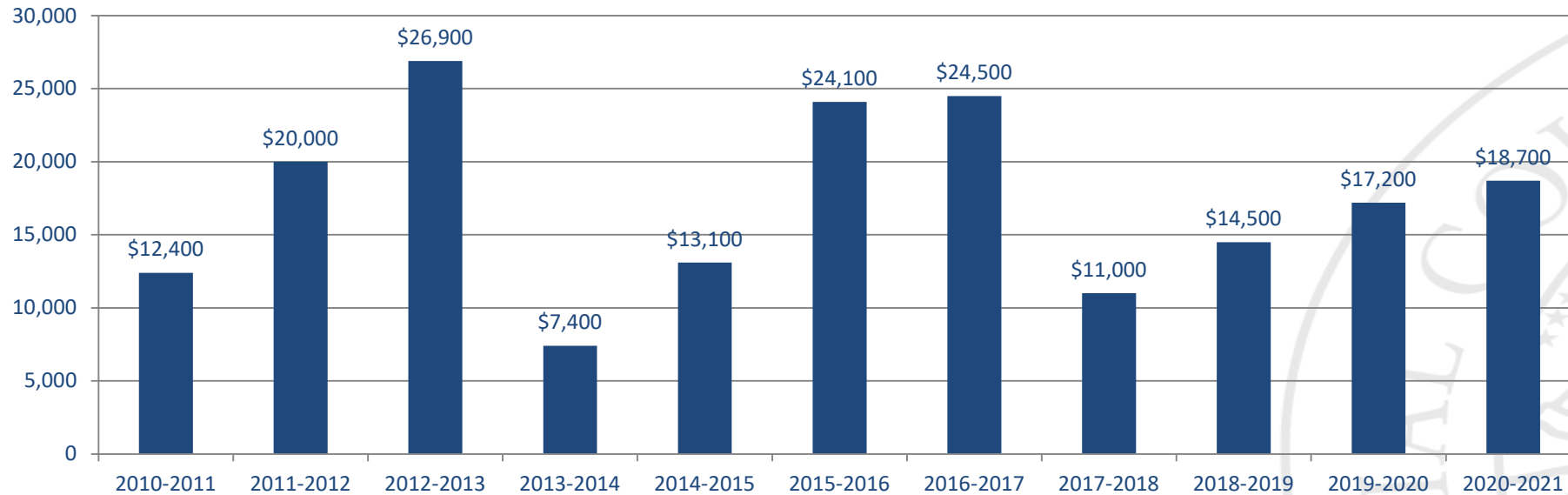


Flattening Trend



Severity Trends – State Judiciary

Loss per Claim

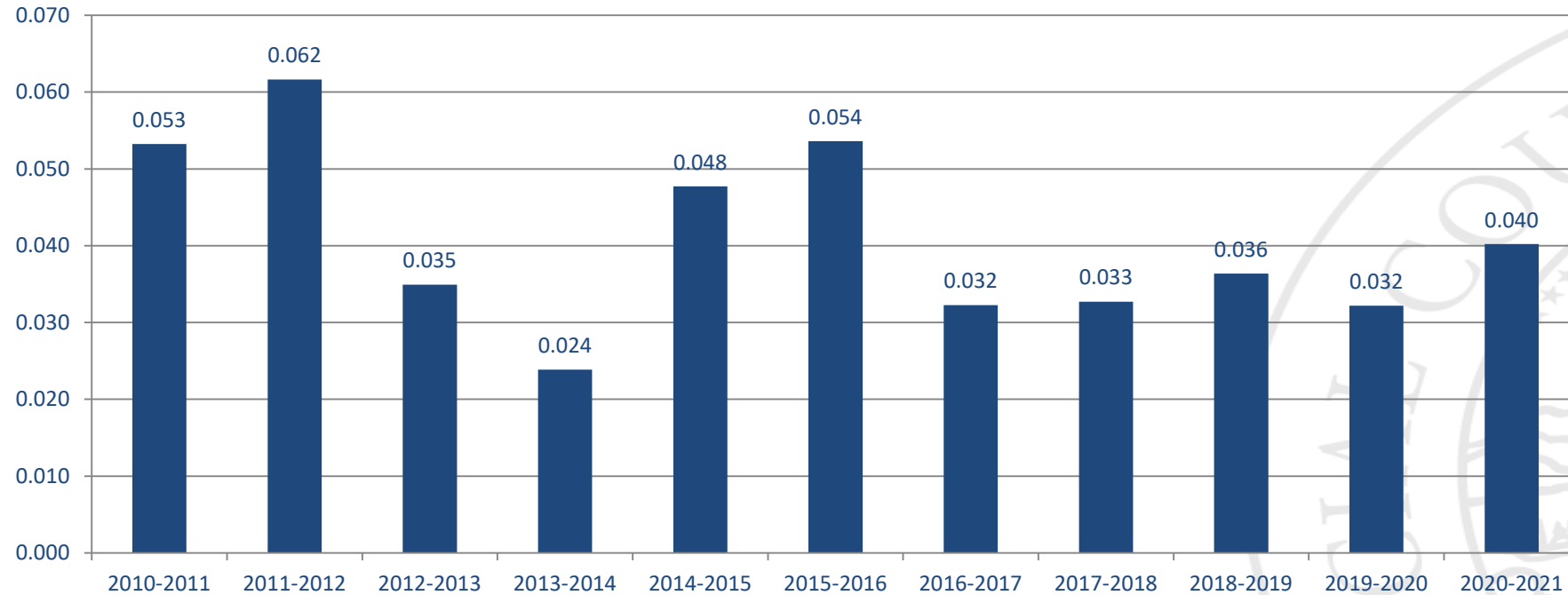


Volatility due to small program



Frequency Trends – State Judiciary

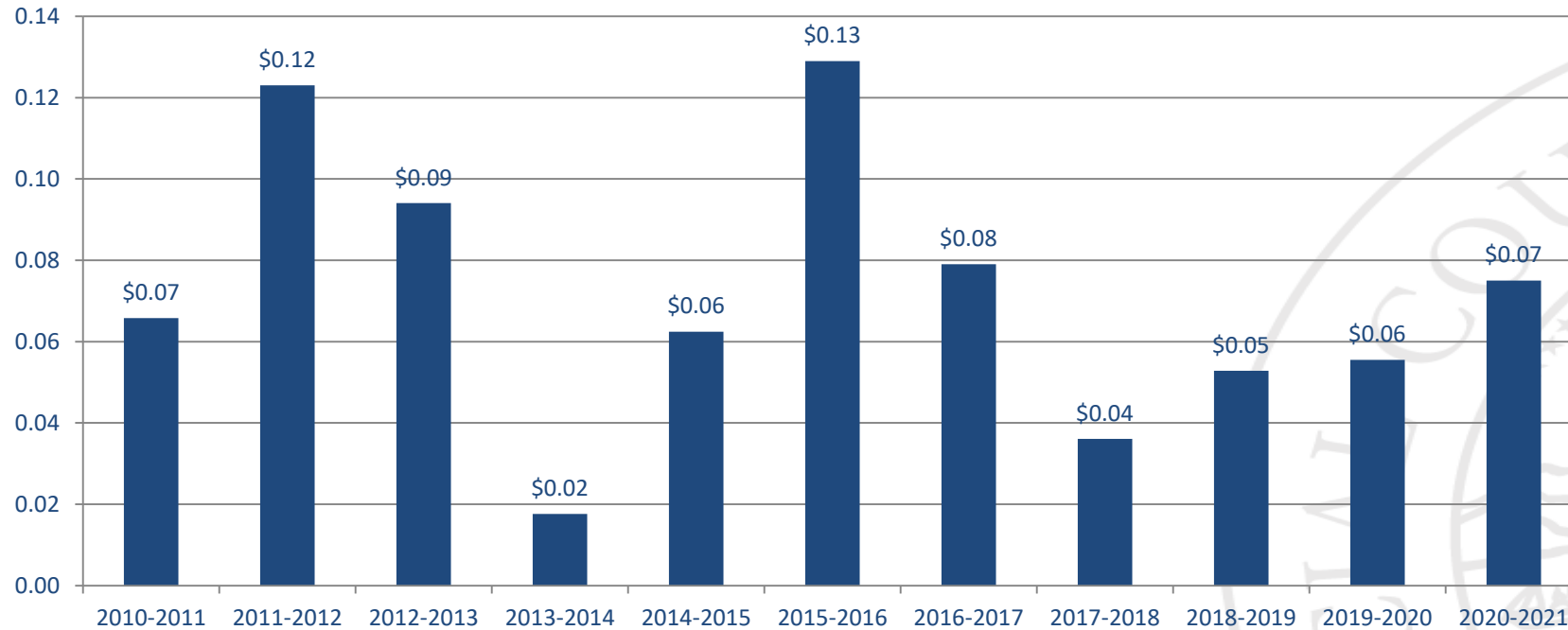
Claims per \$1M of Payroll



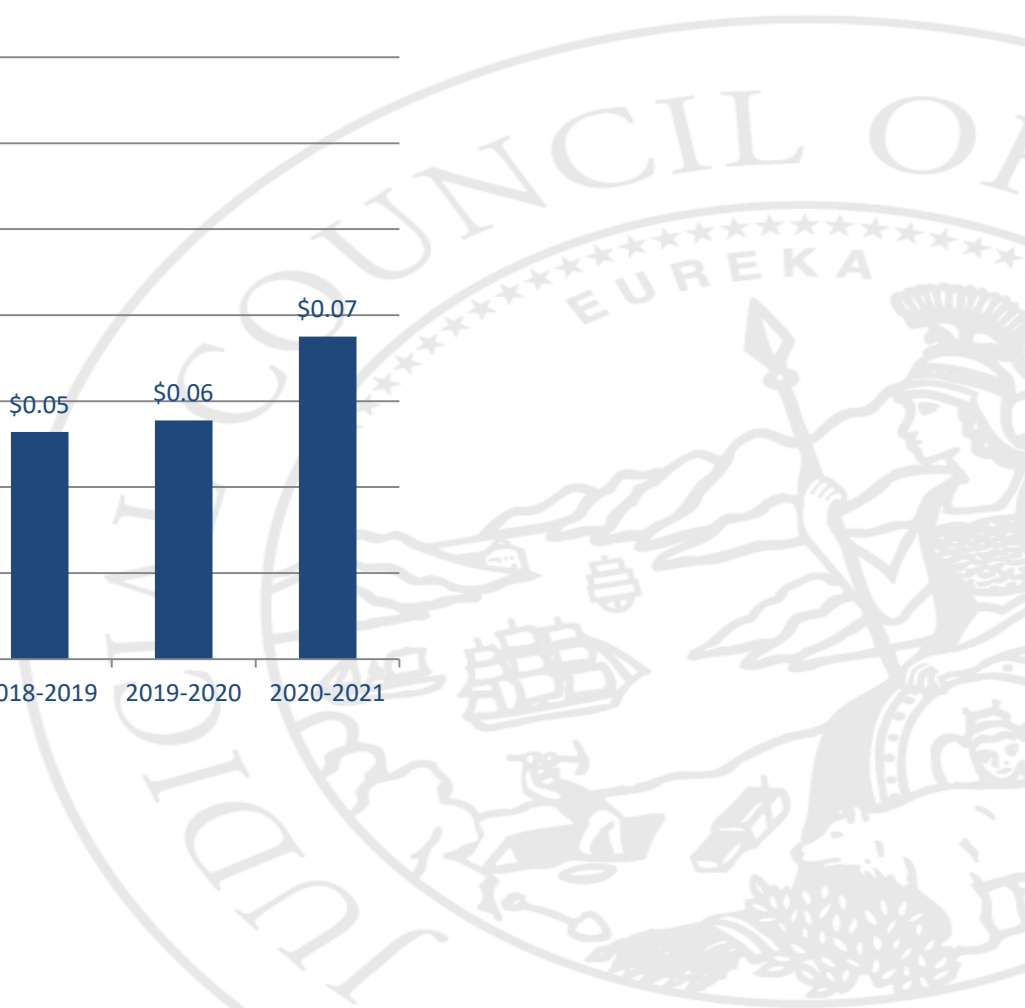
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Loss Rate Trends – State Judiciary

Loss Rate per \$1M of Payroll



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Projected Ultimate Loss & ALAE For 2021-22

Ultimate Loss and ALAE for claims occurring between 7/1/21 and 6/30/22

	Prior Report 2020-2021 Self-Funded Retention = \$2M	Current Report 2021-2022 Self-Funded Retention = \$2M	Change
Trial Courts	\$15,101,000	\$14,021,000	(\$1,080,000)
State Judiciary	691,000	647,000	(\$44,000)
Total	\$15,792,000	\$14,667,000	(\$1,125,000)

Note: On a loss/ALAE rate basis, Trial Courts -6,2%, Judiciary -7.1%



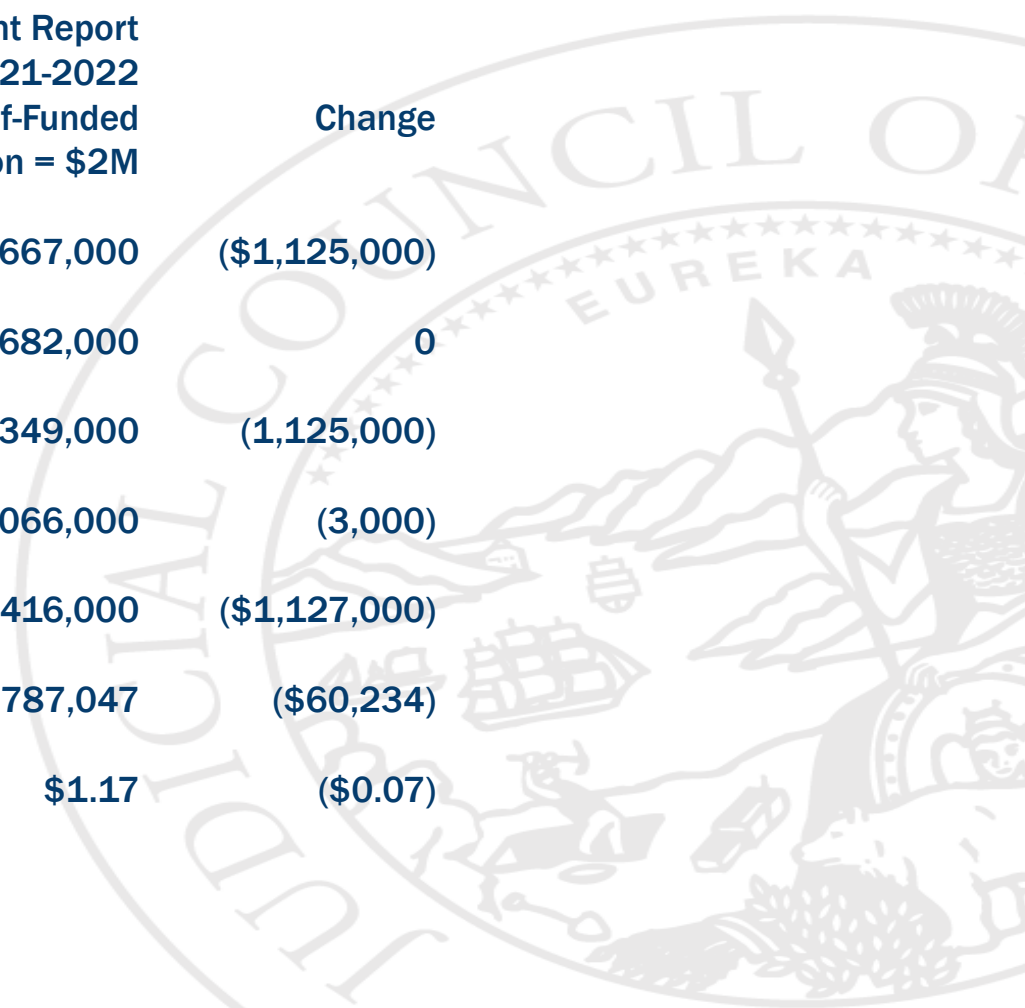
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Projected Total Funding For 2021 - 22

Total Required Funding for Claims Between 7/1/21 and 6/30/22

"Expected"
Confidence
Level

	Prior Report 2020-2021 Self-Funded Retention = \$2M	Current Report 2021-2022 Self-Funded Retention = \$2M	Change
Loss and ALAE	\$15,792,000	\$14,667,000	(\$1,125,000)
ULAE	2,682,000	2,682,000	0
Total Claims	18,474,000	17,349,000	(1,125,000)
Non Claim Expenses	1,069,000	1,066,000	(3,000)
Total Funding	\$19,543,000	\$18,416,000	(\$1,127,000)
Payroll	\$15,847,281	\$15,787,047	(\$60,234)
Total Rate	\$1.23	\$1.17	(\$0.07)



Actuarial Analysis

Allocation Report for FY 2021 - 2022



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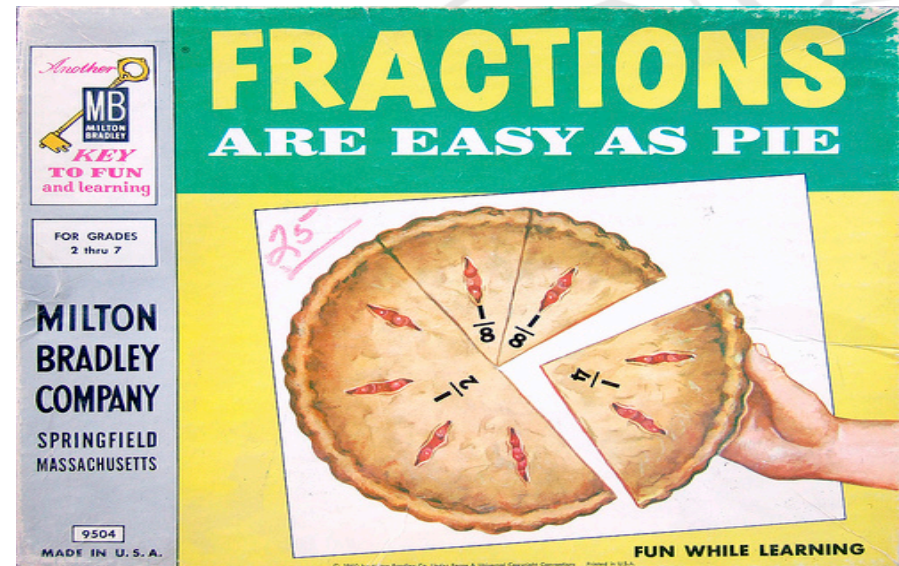


2021 - 22 Allocation

How do we divide up the program cost between courts?

- % of Total Losses
- % of Total Payrolls

$$\frac{3}{4} = .75$$



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Costs To Allocate - Total

- **Ultimate Loss and ALAE (“Expected” Confidence Level)**
 - **\$14,668,000 (-7.1%)**
- **Third-Party Claims Administration Fees**
 - **\$2,682,000 (0.0%)**
- **Excess Insurance Premiums**
 - **\$633,000 (-0.5%)**
- **Consulting and Brokerage Expenses**
 - **\$433,000 (0.0%)**
- **Total**
 - **\$18,416,000 (-5.8%)**



Costs To Allocate – Trial Courts

- **Ultimate Loss and ALAE (“Expected” Confidence Level)**
 - **\$14,021,000 (-7.2%)**
- **Third-Party Claims Administration Fees**
 - **\$2,427,000 (-0.4%)**
- **Excess Insurance Premiums**
 - **\$453,000 (-1.1%)**
- **Consulting and Brokerage Expenses**
 - **\$269,000 (-1.1%)**
- **Total**
 - **\$17,170,000 (-6.0%)**



Costs To Allocate – Judiciary

- **Ultimate Loss and ALAE (“Expected” Confidence Level)**
 - **\$647,000 (-6.4%)**
- **Third-Party Claims Administration Fees**
 - **\$255,000 (+3.7%)**
- **Excess Insurance Premiums**
 - **\$180,000 (+1.1%)**
- **Consulting and Brokerage Expenses**
 - **\$164,000 (+1.9%)**
- **Total**
 - **\$1,246,000 (-2.4%)**



Loss Allocation Methodology

For each court...

- **Determine 3-Year Incurred Losses % of Total**
 - **Losses capped at \$75,000 per claim**
- **Determine 3-Year Payroll % of Total**
- **Determine Loss Weight**
 - **80% to Largest Court**
 - **Smaller Courts receive less weight**
- **% Allocation = (% Capped Losses) x (Loss Weight) + (% Payroll) x (1.0 – Loss Weight)**



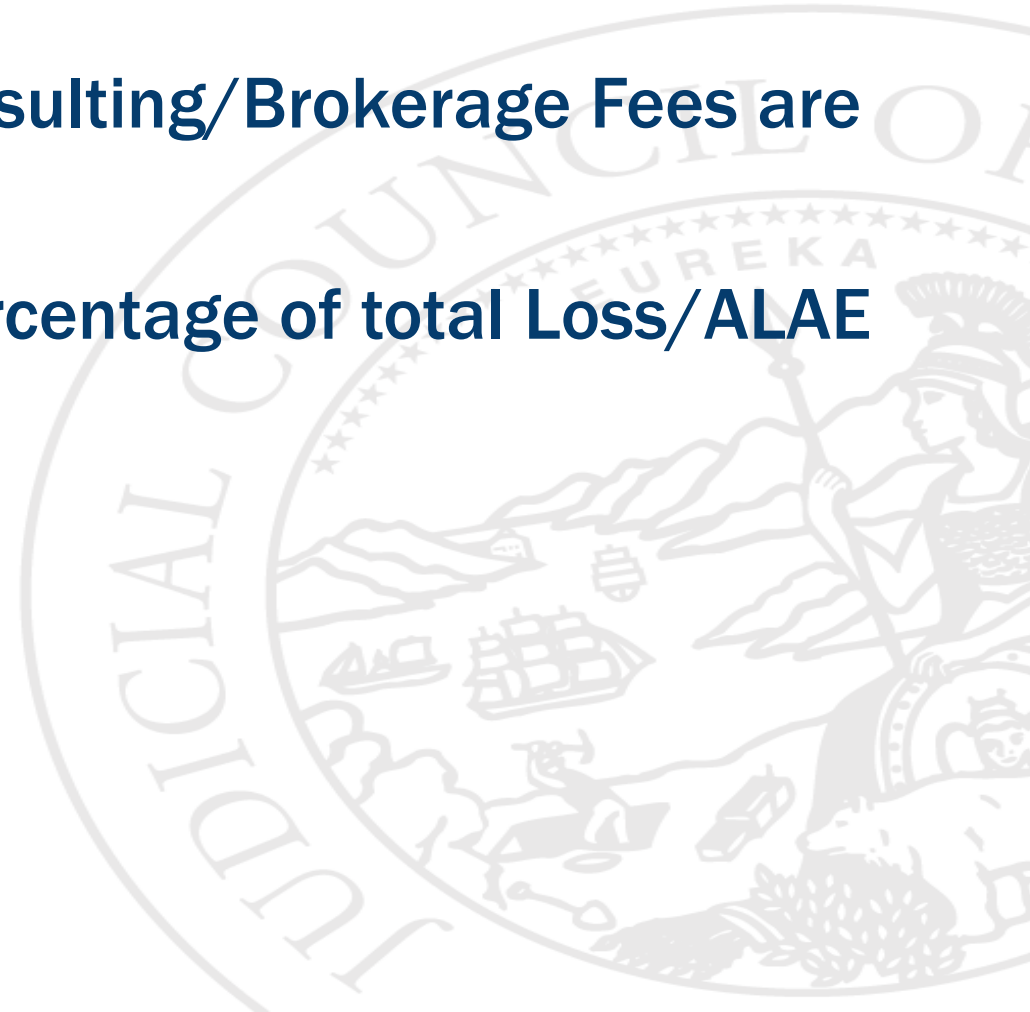
Expense Allocation Methodology

For each court...

- Both Excess Insurance Premiums and Consulting/Brokerage Fees are allocated based upon % of Total Payroll
- TPA Fees are allocated based on courts percentage of total Loss/ALAE funding



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Actuarial Analysis

Confidence Level Funding FY 2021 - 2022



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Confidence Level Funding

- **Currently the JBWCP funds each program at the “Expected” Confidence Level:**
 - **55% for Trial Courts**
 - **60% for State Judiciary**
 - **56% for Trial Court and State Judiciary combined**
- **It is generally recommended that programs be funded between the 75% and 85% confidence levels**



Confidence Level Funding

Total Required Funding for Claims Between 7/1/21 and 6/30/22

	Prior Report 2020-2021 Self-Funded Retention = \$2M	Current Report 2021-2022 Self-Funded Retention = \$2M	Change
Loss and ALAE	\$15,792,000	\$14,667,000	(\$1,125,000)

About the 56%
Confidence
Level

Potential Savings



Confidence Level Funding

Alternative Funding for Claims Between 7/1/21 and 6/30/22

	2020-2021	2021-2022	Change		Alternative 2021-22
Loss and ALAE	\$15,792,000	\$14,667,000	(\$1,125,000)	➔	\$15,792,000
ULAE	2,682,000	2,682,000	0		2,682,000
Total Claims	18,474,000	17,349,000	(1,125,000)		18,474,000
Non Claim Expenses	1,069,000	1,066,000	(3,000)		1,066,000
Total Funding	\$19,543,000	\$18,416,000	(\$1,127,000)		\$19,540,000

Apply savings to increase funding confidence level

56% Confidence Level

66% Confidence Level



Confidence Level Funding

- The JBWCP could elect to pass those savings onto the members:
 - ✓ Programs would continue to be funded at about the 56% confidence level

OR

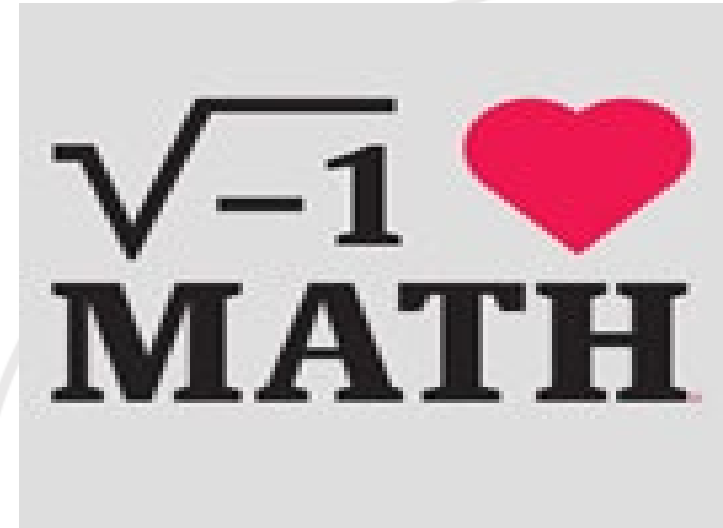
- The JBWCP could elect to keep the 2021-22 funding at the 2020-21 funding level:
 - ✓ Programs would be funded at about the 66% confidence level



Questions ??

Ask an Actuary !

Call 1-800-[(10x)²-2x+34]



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Closed Session



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