

Workers' Compensation: Self-Insured Program

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Introduction

- For purposes of this presentation, we used our worst year of claims with Travelers and the quote for TPA services from PMA Companies.
- The City of Franklin has an average of 60 workers compensation claims per year.
- Based on that average, we estimated 85% of claims to be medical only and 15% of claims to be indemnity (lost time).

Flat Fee

Actual Travelers Cost FY 2019

- Administration Fee: \$44,722
- System Fee (5 users): \$0
- Annual Total: \$44,722

PMA Companies

- Administration Fee: \$4,000
- System Fee (5 users): \$6,000
- Annual Total: \$10,000

Loss Dependent Fees

Actual Travelers Cost FY 2017

- Claims Administration: \$44,359
- Managed Care Charges: \$128,681
- Annual Total: \$173,040

PMA Companies

- Claims Administration: \$20,035
- Managed Care Charges: \$69,619
- Annual Total: \$89,654

Staff Recommends PMA Companies

- Claims case loads are lower at PMA
 - More attention to detail and our injured employees
 - Case load with PMA for medical only – 110
 - Case load with Travelers for medical only – 200+
 - Case load with PMA for lost time claims – 106
 - Case load with Travelers for lost time claims – 145
- PMA's pharmacy network is the same as our medical insurance carrier
- Online OSHA reporting capabilities, which will save staff time – currently manually fill out
- PMA Companies will interface with Kronos to integrate employee demographic information

Staff Recommends PMA Companies

- PMA's online risk management information system (CINCH) is Windows based and more user-friendly.
- PMA's physician network (Coventry) is the same as Travelers – so we still have access to excellent medical care
- PMA currently has over 300 Public Entity clients and has an office in Nashville, TN.
 - PMA has over a 99% client retention rate
- PMA is providing a designated team of claims management and adjusters.
- Instead of sending cash collateral on an annual basis to current carrier, the City has control over its own in-house loss fund with monthly ACH transfers to PMA to cover paid claims.
- Allow City to earn interest on the in-house loss fund

Next steps:

- BOMA provides approval to move forward with WC Self-Insured Program
- BOMA provides approval to Staff's recommendation of PMA Companies
- File Self-Insurers' Application with the TN Department of Commerce and Insurance for approval.
- Obtain a surety bond to comply with Tenn. Code Ann. §50-6-405(b)(I) Requirement (approximately \$10,000)