



Legislation Text

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DATE: April 2, 2019

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kevin Townsel, Human Resources Director

SUBJECT:
Presentation And Discussion Of Self-Insured Workers' Compensation Program

Purpose

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the potential of moving to a self-insured workers' compensation program.

Background

The City of Franklin was insured through a municipal insurance pool from 1979-2012. The City had guaranteed cost workers' compensation coverage, which meant we paid premium at the beginning of the year and all claims were paid by insurance pool. As the City continued to grow, and while we maintained a good loss experience, we started utilizing a per occurrence deductible. In FY 2011, the City switched to a modified self-insurance program that allowed us to assume risk up to an attachment point for all claims. When the City went out to bid in 2012, we transitioned to a large deductible program. Since the City has been with our current carrier, our attachment point has grown due to the increase in our number of employees and payroll. Due to the higher attachment point, the City has already assumed greater risk since the growth of our employee population.

Financial Impact

There is a financial impact to the City associated with this item. If the Board decides to move forward with a self-insured workers' compensation program, the City would pay claims up through a TPA (Third Party Administrator) up to the annual aggregate attachment point.

Recommendation

Staff recommends that the City pursue evaluation of all costs of a self-insured program so that we can compare to the current large deductible program in an effort to maximize savings and financial impact to the City while providing exceptional medical care to injured employees.