



City of San Antonio

Agenda Memorandum

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In Control: Audit Committee

AUDIT COMMITTEE SUMMARY

February 16, 2016

Finance Department Workers' Compensation Fund and Program

Report Issued December 9, 2015

Background

The City of San Antonio is a self insured workers' compensation organization. Accordingly, en-lieu of paying premiums to a third-party insurance company, the City incurs all costs related to workers' compensation claims and payments. The City's workers' compensation fund and program are managed by the Claims Administration section of the Risk Management division of the Finance Department.

The City contracts with TriStar Risk Management to manage workers' compensation claims from the time a claim is submitted to a City Human Resource Specialist, all the way through the close out of the claim. TriStar acts as the City's claims reviewer, adjustor, payment processor and main point of contact with the injured employee. TriStar uses Argus Services Corporation (a third party medical reviewer) to review all requested treatments for medical necessity and to verify that the fees and costs are appropriate.

Audit Objective

Determine if the Workers' Compensation Fund and Program is managed appropriately and is in compliance with regulatory requirements.

Audit Scope & Methodology

The audit scope was City's workers' compensation claims from January 2012 to April 2015. We interviewed staff from the City's Finance Department, observed the claims process and controls, and reviewed relevant documentation (including workers' compensation policies and procedures, city ordinances, Texas Labor Code, Texas Department of Insurance data and rules, and contracts with TriStar Risk Management).

Audit Conclusion

Yes, the City's Workers' Compensation Fund and Program are managed appropriately and are in

compliance with regulatory requirements. Specifically, the City effectively manages the following workers' compensation areas:

1. Accurate calculation and payment of claims
2. Appropriate approval and denial of claims
3. Contract compliance with TriStar Risk Management
4. Workers' Compensation Fund review and reconciliation
5. Workers' Compensation Program oversight

However, the City should continue to pursue entering a Certified Health Care Network for the Workers' Compensation Fund and Program to realize cost-savings while continuing to receive the same service quality.