

# Memorandum



CITY OF DALLAS

DATE October 18, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Workers' Compensation and Return to Work Programs**

This memorandum provides response to the City Council's, August 28, 2024, request for additional information regarding the City's Workers' Compensation (WC) and Return-to-Work (RTW) programs, managed by the Office of Risk Management and the third-party administrator (TPA), TRISTAR Risk Management. Below are questions that were asked during the meeting with corresponding responses.

**Question 1** – What services does the Third Party Administrator (TPA) provide to the City?

**Response 1** – The TPA provides the following services:

- Claim Handling
  - Provides a local office with 4 dedicated Claims Examiners III and 1 supervisor and each dedicated adjuster maintains a valid Texas workers' compensation adjuster's license
  - Manages all contacts on new reported losses
  - Caseloads of an average of 150 claims/per licensed adjuster at any given time
  - Manages all medical maintenance files (life-time medical) to ensure appropriate ongoing medical treatment
  - Indemnity payments to claimants and/or beneficiaries management
  - High Profile/Special Handling of catastrophic claims
- Texas Department of Insurance (TDI) Compliance – State Requirements
  - Initiate indemnity payments per statute
  - Files Electronic Data Interchange (EDI) transaction with TDI
  - Files TDI required forms
  - TDI-DWC Performance Based Oversight (PBO) Assessment
    - 2024 Average Score of 93.14 out of 100
    - Measures: 1) Timely payment of temporary income benefits, 2) Timeliness of processing initial medical bills, 3) Timeliness of processing requests for reconsideration of medical bills, and 4) EDI medical data
- Responds to TDI special requests

- Medicare Compliance – Federal Requirements
  - Reports to Centers for Medicare & Medicaid Services (CMS)
    - Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA Section 111) added mandatory reporting requirements with respect to Medicare beneficiaries who receive any insurance payments including workers' compensation.
      - City of Dallas is a self-insured Responsible Reporting Entity (RRE), and Tristar provides the services of an RRE
  - Manage conditional payments notices (e.g., addressing, disputing, or appealing)
  
- Excess Carrier Reporting and Reimbursements
  - Manages initial and supplemental reporting
    - Monetary thresholds
    - Injury thresholds
  - Reimbursements
    - Quarterly updates and proof of claim payments
    - Collects reimbursements
  - Durable Medical Equipment (DME) Contracts
    - Equipment/supplies prescribed by a health care provider that is used for everyday or extended medical purposes (e.g., crutches, oxygen tanks, wheelchairs, etc.)
    - Contain medical equipment costs through preferred vendor contracts

**Question 2** – Do other cities use a TPA?

**Response 2** – Yes, other cities in Texas utilize TPA services.

**Question 3** – How does the City of Dallas TPA fee compare to other cities?

**Response 3** – The 10 largest cities (population) in Texas were surveyed regarding TPA utilization. Only 7 of the 10 cities responded and all 7 utilize a TPA. Below is a table that shows the TPA cost, # of medical only claims, and # of indemnity claims of the 3 cities comparable in size to Dallas.

	DALLAS	AUSTIN	HOUSTON	SAN ANTONIO
TPA Cost	\$1,221,501	\$1,822,045	\$2,883,413	Not able to share
# of Medical Only Claims	1099	1553	1102	965
# of Indemnity Claims	550	482	1630	505

**Question 4** – Will you provide more detail about the City's workers' compensation program and return to work program?

**Response 4** – The City workers' compensation program is a self-insured funded plan that assumes the financial risk for providing workers' compensation benefits to injured uniformed and civilian employees. Although the City is self-insured, it has excess workers' compensation coverage through the Texas Municipal League Intergovernmental Risk Pool (TMLIRP).

Texas Department of Insurance (TDI) Division of Workers' Compensation (DWC) administers and operates the Texas workers' compensation system and monitors compliance of all parties, including injured employees, the City and its TPA, medical network, excess insurance, attorneys, etc. Violating Texas workers' compensation laws/requirements can result in fines ranging from \$500 to \$25,000, depending on the offense.

### **MEDICAL NETWORK**

In 2009, the City elected to have a 1305 Medical Network that is certified by TDI. The City's 1305 Medical Network services are provided by Injury Management Organization (IMO). IMO is M/WBE owned, in 171 counties in Texas, has 11,000 network providers, and provides the following services:

- Case Management - Field, telephonic, vocational, and catastrophic
- Utilization Review - Evaluates the medical necessity and appropriateness of healthcare services for an injured employee
- Medical Bill Review
  - Application of state fee schedules and mandated rules
  - Identification of improper billing practices
  - Integration of utilization review decisions
  - Detection of duplicate provider billing
  - Pharmacy bill review and management

### **RETURN-TO-WORK**

The City's has a progressive Return-to-Work (RTW) program that balances the goals to 1) Help and allow an injured employee to be productive as they recover from a work-related injury or illness and 2) help the City control/reduce workers' compensation costs. The RTW program is based on a philosophy of providing safe and appropriate work during the recovery process. This promotes the health and well-being of the entire workforce, while boosting morale. In addition to the TPA's claims system, the Office of Risk Management's information system (RMIS), ORIGAMI, houses all workers' compensation electronic files. Paper files were eliminated from the program for environmental and efficiency goals.

- Governing Administrative Directives – FY2024-25 Revision List
  - AD 3-31 On-the-Job Injures
  - AD 3-33 Wage Supplement Plan

- AD 3-35 Limited Duty
  - Staff – The program is self-administered by highly experienced and compassionate workers' compensation coordinators and supervisors
    - 1 Dedicated Dallas Fire Rescue Work Comp Supervisor
      - 2 Dedicated Dallas Fire Rescue Work Comp Coordinators
    - 1 All Other Departments Work Comp Supervisor
      - 2 Designated DPD and AOD Work Comp Coordinators
      - 3 AOD Work Comp Coordinators
    - Each injured employee is assigned a work comp coordinator to assist the employee from the beginning to the closure of the claim. In addition to helping the employee, the coordinators take care of administrative tasks:
      - Initial claim reporting
      - Injury receipt process
      - Medical treatment process
      - Workday payroll entries
      - Case management coordination
      - Limited duty coordination between employee and department
      - Work status tracking
      - Work Comp Coordinator's performance measures and quality objectives are aligned to service deliverables

If you have any questions, please contact me at [zeronda.smith@dallas.gov](mailto:zeronda.smith@dallas.gov) or 214-671-9051.

Sincerely,



Zeronda D. Smith  
Director

c: Kimberly Tolber, City Manager (I)  
Tammy Palomino, City Attorney  
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Billerae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
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M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
Alina Ciocan, Assistant City Manager  
Donzell Gipson, Assistant City Manager (I)  
Robin Bentley, Assistant City Manager (I)  
Jack Ireland, Chief Financial Officer  
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Directors and Assistant Directors