

Workers' Compensation Program Cost Comparison - FY2016 & FY2018

4/4/2018

| Expense Object | FY2016* | FY2018** | Program Savings | Notes |
|-----------------------|------------------|----------------|-----------------|-----------------------------------------------------------------------|
| Salaries and Benefits | 882,883 | 262,642 | 620,241 | Reduced 10 Positions - 6 claims adjusters, 4 medical case managers*** |
| Operating Costs | 323,760 | 195,170 | 128,590 | Reduced overhead associated with 10 fewer positions |
| Contractual Services | 2,242 | 347,741 | (345,499) | PMA Workers' Comp Claims Adjusting and Administrative Costs |
| Total | 1,208,885 | 805,553 | 403,332 | 33%**** |

*Actuals from the last full year of State Administered WC

**Year-to-Date plus Estimated Actuals for first full year of Third Party Administered WC

***All employees displaced were either hired into different State positions or retired

****Compliant with Privatization Statute - 3 VSA 343

Workers' Compensation Reserve Reduction Summary

4/4/2018

Reduced Reserves by Closing Claims
Reduced Reserves by Accounting for losses
according to Best Practices
Total

5,858,315 Closed approx. 300 claims
PMA Adjusters use current best practices and expertise to more
5,878,490 precisely estimate overall cost of a claim
11,736,805