



Firefighter Wellness Program Savings

Meeting of the Public Safety & Neighborhood
Services Committee

April 13, 2011



Firefighter Wellness Contract

- A five-year contract with the San Diego Sports Medicine and Family Health Center (SDSM) was approved by Council Sept 28, 2010, contingent upon future years' budget approval.
- Council also requested the following:
 - The IBA or City Auditor conduct a cost savings analysis.
 - The Fire Chief examine areas for efficiencies and cost savings alternatives for the Wellness Program.



Wellness Program Presentation (Sept 28, 2010)

- Fire-Rescue and the SDSM presentation to Council included:
 - Information on the focus of the program
 - Background statistical information
 - 2005-2009 Workers' Compensation (WC) cost declines for the Fire-Rescue department



Workers Compensation Cost Declines Fire-Rescue Department Compared to 2004

<u>Year</u>	<u>As Presented by SDSM for the Entire Department</u>	<u>Actual for Only Sworn Firefighters</u>
FY2005	\$621,464	\$469,580
FY2006	\$1,901,619	\$1,586,493
FY2007	\$2,319,518	\$2,006,316
FY2008	\$2,332,525	\$1,754,630
FY2009	\$2,452,083	\$1,960,164
TOTAL	\$9,627,209	\$7,777,183



Cost Declines – Incremental vs. Total Declines Over FY 2004

- SDSM has indicated Firefighter health and fitness would likely return to the pre-Wellness Program level (FY 2004) if the program were to be eliminated.
- Therefore, in the SDSM presentation of cost reductions, each year's cost reduction as compared to FY 2004 was summed to reach the total savings.



Cost Declines – Incremental vs. Total Declines Over FY 2004

- We do not assume that WC costs for Firefighters would immediately or completely return to FY 2004 levels in the absence of the Wellness Program.
- WC cost reductions attributable to the Wellness Program probably lie somewhere between incremental cost declines and total reductions over the FY 2004 base year.



Sworn Firefighters Workers Compensation Cost Declines Incremental vs. Total Declines Over FY 2004

<u>Year</u>	<u>Costs</u>	<u>Reduction Over FY2004</u>	<u>Year-by-Year Incremental Reduction</u>
FY2004	\$5,525,820		
FY2005	\$5,056,240	\$469,580	\$469,580
FY2006	\$3,939,327	\$1,586,493	\$1,116,913
FY2007	\$3,519,504	\$2,006,316	\$419,823
FY2008	\$3,771,190	\$1,754,630	(\$251,686)
FY2009	\$3,565,656	\$1,960,164	\$205,534
TOTAL	\$19,851,917	\$7,777,183	\$1,960,164



WC Cost Declines

- We do not attribute the total WC cost declines to the Wellness Program.
- Many variables affect costs – most importantly the impact of CA WC law reforms.
- Some other variables in WC include unusual cases, aging workforce, variations in medical practice patterns and in WC case management.



California WC Reforms

- Significant WC cost declines in CA have been attributed to WC reforms which became effective in 2004 and 2005.
- Fire-Rescue and SDSM acknowledge that WC reforms would have affected the City's WC experience.



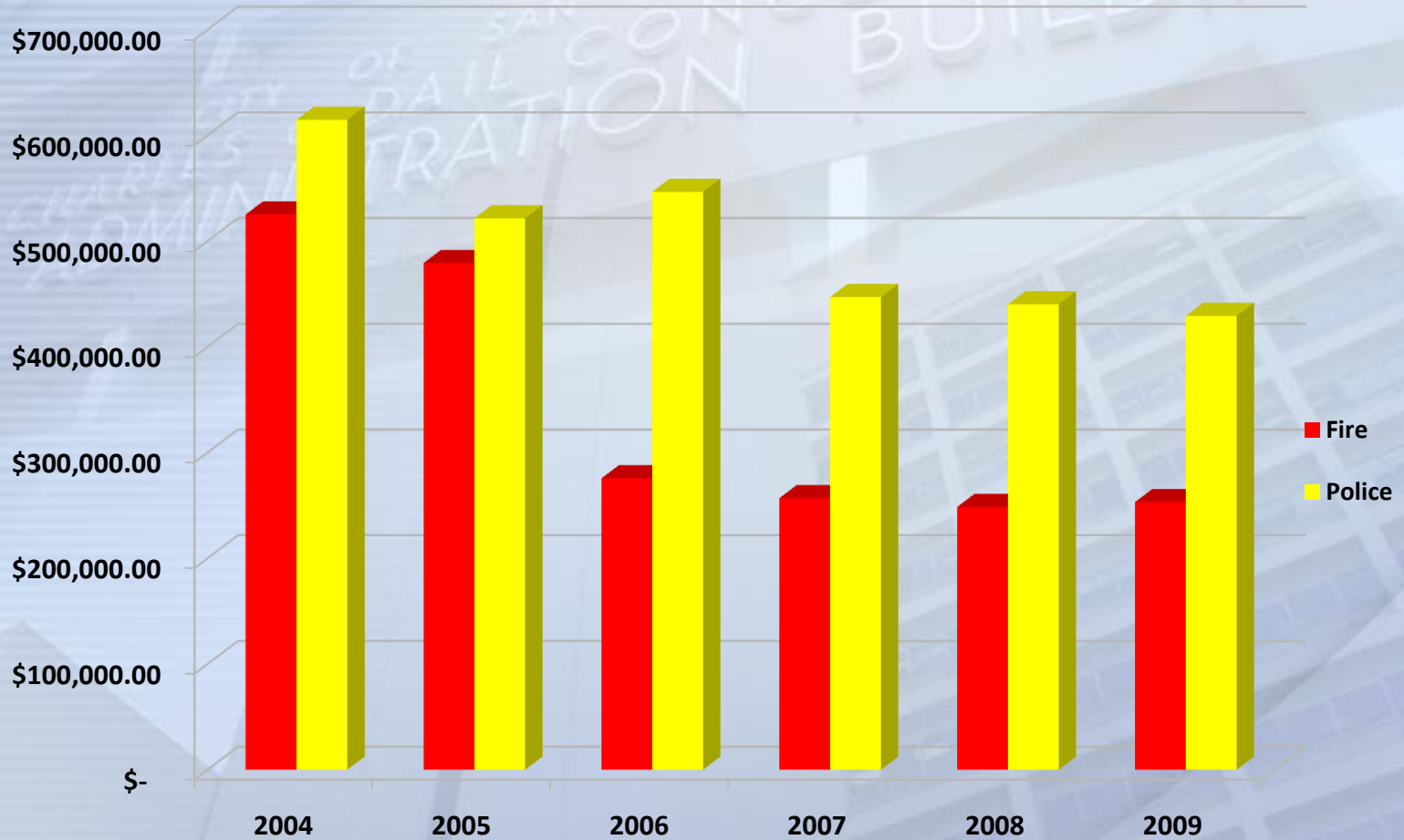
Comparison of Police and Fire

- In Sept 2010, SDSM presented a chart showing a greater WC cost decline for Fire-Rescue than Police (which does not have a wellness program).
- Rates of decline from FY 2004-2009:
 - Fire-Rescue Department – 52%
 - Police Department – 30%
- Significant declines for both departments lend support to the following cases:
 - Both WC reforms and the Wellness Program have contributed to WC cost declines.



Office of the Independent Budget Analyst

Work Comp Costs Per 100 FTE's San Diego Fire Department vs. Police Department





Comparison of Police and Fire

- Other issues need to be considered when comparing the two Department's experience.
- To properly compare the two Departments, group differences (such as age, cholesterol, body mass index, and pre-existing conditions) would need to be statistically adjusted.



Comparison of Police and Fire

- Some portion of the difference between rates of declining WC costs (between the Police and Fire Departments) appears to be attributable to the Wellness Program.
- Without an appropriate analysis by an expert in this field, the scope of savings is uncertain.



Wellness Program Annual Costs

- The average annual cost of the program is approximately \$926,000 (FY 2006-2010).
- Elimination of the Wellness Program would necessitate \$250,000 to \$300,000 in costs for required exams (such as DMV exams), as well as \$30,000 in overtime incurred for the Physical Ability Evaluation requirement.
- The net cost for the Wellness Program is estimated at \$596,000 to \$646,000 annually, which would offset any savings.



Conclusion

- WC cost reductions attributable to the Wellness Program probably lie somewhere between the incremental cost reductions and the total reductions over the FY 2004 base year.
- Furthermore, a portion of such cost reductions is likely attributable to the Wellness Program, and a portion is likely attributable to WC reforms and other unknown factors.
- The specific apportionment is difficult to identify without analysis by an expert in this field.