

Case Study: Monterey-Salinas Transit

PCM Helps Transit Authorities Save Jobs and Money
Through Reliable Workers' Comp Claims Administration



CHALLENGE:

Reduce the cost of workers' compensation insurance, while providing the best treatment to employees

PCM SERVICES:

- Claims Administration
- Managed Care Services
- Medical bill review
- Utilization review
- Medical provider network support
- Financial collaboration

RESULTS:

- 42% reduction in claims
- 56% cost savings



BACKGROUND

Monterey-Salinas Transit (MST) is the sole transit provider in the entire Monterey Bay area, serving an area of 280 square miles in Monterey County and southern Santa Cruz County. It provides service to the area's more than 435,000 residents with 58 fixed routes, transporting more than 4.5 million passengers annually.

Back in 2009, MST joined forces with the consulting arm of Pacific Claims Management (PCM) for help in the face of constricting state and federal budgets. Together, MST and PCM set out to realize savings and free up capital by streamlining and reorganizing MST's workplace injury program, while simultaneously improving medical treatment for its more than 250 employees.

Now, after 10 years of collaboration, MST has become the most efficient transit authority in the state of California, due in part to the continued support of PCM's top-tier workers' compensation claims administration program.

"At a time when public transit providers across the state are scraping together funds to save their programs, **PCM has helped us save** enough money to assist in funding our operating expenses and **expand our services to the community** each year. We're now seeing our highest year of ridership since 2008."

- Kelly Halcon

Director of Human Resources and Risk Management
Monterey-Salinas Transit

PROBLEM

Over recent years, public services across California have been more threatened than ever by municipal and government budgets stretched to the breaking point. This has forced public agencies such as MST into the precarious situation of needing to figure out how to improve their services for the community with fewer and fewer resources at their disposal.

Monterey County certainly hasn't been immune to such challenges either. Last year, the county faced its most difficult fiscal situation since before the recession, and was forced to lay off 13 workers and let go of 122 vacant positions due to a \$36.2 million budget shortfall for 2018-19. The county was facing a similarly trying situation back in 2009 when MST, which receives nearly 60% of its funding from state and local governments, first reached out to PCM for help with streamlining its workers' compensation program.

At the time, MST's staff managed the workers' compensation program and relied on the expertise of a third-party administrator (TPA) to guide them through the process. However, even with its best efforts the agency struggled from its reliance on the TPA's traditional approach to claims management. As a result, there were delayed and unsatisfactory diagnosis and treatment of employees, resulting in increased costs and loss of productivity to MST.





SOLUTIONS

Since 2008, PCM has built a reputation for helping employers make their workers' compensation programs as efficient, effective and affordable as possible. The company became a licensed third-party claims administrator in 2011, giving California employers the value of responsive performance, reliable accountability, real transparency and refreshing honesty.

PCM takes a very involved and aggressive approach to third party administration of workers' compensation programs, offering clients a wide range of benefits above and beyond traditional TPAs:

- Strong, long-lasting client relationships based on trust and communication
- A proven track record of reduced claims costs and duration
- Consistency in reserve management for workers' compensation programs
- Close ties with state and federal agency leadership
- Success in achieving long-term operational and cultural change for employers
- Timely information on legislation, judicial updates, and industry developments

Seeking a dedicated partner to revamp and manage its own workers' compensation program, MST turned to PCM for help with Claims Administration and Managed Care Services, including medical bill review, utilization review, medical provider network support, and financial collaboration. The goal was to produce a permanent, positive cultural shift in the way workers' compensation claims were filed, managed and resolved. In doing so, MST would be able to remain solvent and viable, rather than reduce popular programs and services as budgets tightened.

For free program analysis, call 559-432-9400



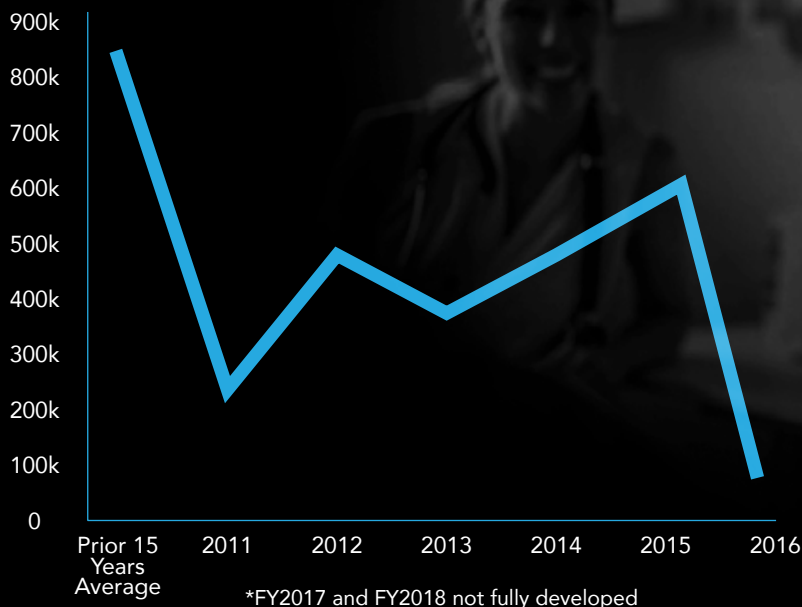
RESULTS

Working closely with MST, PCM was able to help the transit provider institute cost-saving programs, rather than cost-cutting measures that would compromise the quality of medical service for MST's 250 employees or the quality of transit service for its more than 4.5 million users. Through its thoughtful approach to workers' compensation claims management, based on acting as a true partner to the client, PCM was able to help MST free up capital by:

- 1. SHRINKING THE NUMBER OF CLAIMS** by emphasizing early and frequent communication with the client, injured worker and medical provider throughout the life of each claim; ensuring that benefits are provided efficiently and expeditiously; and investigating and vigorously defending against fraudulent claim attempts.
- 2. MINIMIZING THE AMOUNT PAID OF THE TOTAL INCURRED CLAIMS COSTS** by speeding up the claims process with dedicated adjusters, workflows and applied technologies that prioritize an unmatched quality of service.
- 3. COLLECTIVELY REDUCING THE OVERALL COLLATERAL AND OUTSTANDING EXPOSURE** by handling new claims at a much faster rate than previous injuries, and resolving larger claims that had haunted the client for years.

BY THE NUMBERS :

Total Claims Reported



PCM's aggressive approach to claims management has helped MST **reduce the number of workers' compensation claims by 42%**. This represents a decrease in the total number of claims per year from an average of 39 in the 15 years prior to their engagement to just 17 in fiscal year 2018.

Even more striking, however, is the impact PCM has had on MST's workers' compensation claims costs. In the 15 years prior to PCM's involvement, MST incurred a total of \$851,392 in out-of-pocket claims costs. PCM's dedicated adjusters have since cut that total to less than \$500,000, **shrinking MST's average total incurred claims costs by 56%** over the past 8 years. This translates to roughly \$3 million in total savings that MST has been able to direct toward other programs over the same time period.

This additional capital has been particularly integral to MST's budget resilience and continued success in the wake of the past decade's severe budget challenges.

In 2018, the transit provider recorded its highest year of ridership since 2008, an achievement due, in part, to the additional programs and services it has been able to offer using the savings generated from its collaboration with PCM, such as reduced fares, special promotions and partnerships with schools and agencies throughout the county. MST has also upgraded to a brand new 33,000 square foot facility that can service all 88 of its working vehicles. This new facility has opened up 250 well paying and local jobs for the Monterey-Salinas community.