

Reply to Common Council File No. 031493
From DOA-Budget and Management Division

February 23, 2004

Ref: 04017

Common Council File No. 031473 is a communication from the Department of Employee Relations relative to creating three new positions in the Worker's Compensation Section. The State of Wisconsin recently implemented increased reporting requirements for claims processing that have substantially increased claims processing time. The section has made every effort to meet these requirements at its current staffing level, but has increasingly been financially penalized for violations.

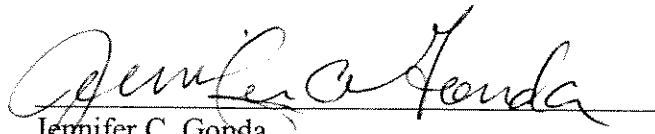
Since 1988, Milwaukee has been under state court order to maintain an adequate Worker's Compensation staffing level as a condition for maintaining its self-insured status. The state uses various performance measures to monitor the city's compliance and a system of fines and penalties when the guidelines are not met.

The consequences of not approving the increased staffing level could include:

- increased fines and penalties assessed by the state,
- increased medical and indemnity payments as processing time increases, and the
- cost of hiring a third-party administrator if the city loses its self-insured status or is court-ordered to contract out on the claims backlog.

The estimated cost of this action for the remainder of 2004 is \$68,000, assuming the new employees have a start date of May 1st. To the extent possible, the cost of these positions will be absorbed into the department's current year operating budget. Any remaining shortfall created as a result of the additional staff will be funded through the Wages Supplement Fund.

**RECOMMENDATION: SUPPORT THE INCREASED STAFFING LEVEL
IN THE DEPARTMENT OF EMPLOYEE RELATIONS, WORKER'S
COMPENSATION SECTION.**



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