



Department of Employee Relations

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November 24, 2014

To the Honorable Members of the  
Public Safety Committee  
Milwaukee Common Council  
City of Milwaukee

Dear Committee Members:

Chapter 340-23 of the Milwaukee Code of Ordinances requires the Department of Employee Relations (DER) to prepare an annual report analyzing employee injuries and severity rates. In addition, DER is required to make recommendations to reduce such rates and minimize exposures and related expenditures to the worker's compensation special purpose account.

This report provides an overview of the City's Risk Management Initiative implemented in 2009 and a summary of key indicators that capture the fluctuation of injury rates and related benchmarks since 2008. The report also discusses the future direction of the Risk Management Program (RMP) and identifies the steps that will be implemented to expand and enhance the program and ensure that results achieved are sustainable.

### **Background Summary**

In 2009, DER and the Department of Administration Budget and Management Division developed a Risk Management Program for injury prevention in order to bridge a large disconnect between workplace safety responsibilities at the department level and worker's compensation expenditures budgeted in a special purpose account under DER. The RMP was designed to increase department accountability for accident prevention strategies and cost containment measures with the basic tenant that operating departments were in a better position to:

- Understand how and why injuries happen
- Identify ways to prevent injuries
- Minimize lost work days and expedite return to work options

The accountability structure that was implemented under the RMP requires department heads, safety personnel, and front line supervisors from three major departments (DPW, MFD, and MPD) to manage



workplace safety instead of just preparing and processing accident reports. By reviewing claim data (volume, frequency, severity, etc.) department representatives are in a position to better understand the cause and nature of injuries. Consequently, they can identify job hazards and implement preventive measures. The injury claim data, the analysis of that data, and the goals to reduce injury rates and associated expenditures are incorporated into Safety Plans. The Departments are also required to present their Safety Plans and overall safety goals to the Common Council's Committee on Public Safety.

The development and implementation of the RMP and the requirement to develop annual safety plans has contributed to a number of significant achievements as summarized under the Worker's Compensation Data and Trends section of this report. In addition, the implementation of the RMP influenced the expansion of DPW's transitional duty program and the creation of MFD's Return to Work Program in 2009, the development and implementation of accident investigation protocols/policies for supervisors, and the inclusion of safety performance measures in job descriptions and performance appraisals.

### **Overview of Worker's Compensation Data and Trends**

DER developed and maintains a Worker's Compensation scorecard to track and monitor key indicators pertaining to worker's compensation claim and injury trends. Scorecard metrics for the entire City include the number and type of claims filed each year, annual claim expenditures, recordable cases, incidence rate, lost workdays, injury hours and pay as well as sick leave. These metrics are also tracked at the department and division level for DPW, MFD, and MPD. Table 1 provides a snapshot of the scorecard data since the implementation of the Risk Management Program.

Indicators in the Scorecard include:

- **Injury Claims** - an accidental injury, occupational disease, or mental harm claim stemming from performing an activity related to the employment. Injury claims can be classified as incident only/no doctor (no lost time and usually no medical treatment), indemnity (4 or more days of lost time), and medical (3 days or less of lost time).
- **Recordable Cases** - claims of work related injuries and illnesses that result in death, loss of consciousness, days away from work, restricted work activity, job transfer, or medical treatment beyond first aid.
- **Incidence Rate** - the number of recordable injuries occurring among a given number of full time workers over a given period of time. This is an indicator of the rate at which workplace accidents are happening in a department. For example, an incidence rate of 18.31 means that for every 100 City employees, 18.3 claims are filed.

**Table 1: Worker's Compensation Scorecard**

	2008	2009	2010	2011	2012	2013	% Change Over Prior	% Change Since 2008
<b>CITY WIDE DATA</b>								
All FTEs	7,742	7,597	7,284	7,311	7,280	7,189	-1.2%	-7.1%
Claims	2,688	2,345	2,225	1,903	1,869	1,980	5.9%	-26.3%
Med/Indem Claims	1,686	1,470	1,401	1,193	1,208	1,204	-0.3%	-28.6%
Recordable Cases	1,073	927	872	744	656	674	2.7%	-37.2%
Incidence Rate	16.01	14.22	13.82	12.14	10.69	11.12	4.0%	-30.5%
Lost Workdays	24,817	15,441	16,421	15,432	12,995	13,215	1.7%	-46.8%
Injury Hours	217,584	152,596	165,083	124,874	111,250	90,824	-18.4%	-58.3%
Injury Pay	\$4,096,525	\$3,062,781	\$3,317,044	\$2,566,811	\$2,329,798	\$1,829,217	-21.5%	-55.3%
Sick Leave Hours	404,312	351,713	326,736	347,776	269,536	283,899	5.3%	-29.8%
WC Expenditures	\$13,737,635	\$11,575,195	\$12,444,770	\$11,362,821	\$14,575,235	\$12,476,141	-14.4%	-9.2%
<b>MFD</b>								
All FTEs	1,133	1,097	1,034	1,033	1,014	1,015	0.1%	-10.5%
Claims	627	566	614	432	441	368	-16.6%	-41.3%
Recordable Cases	294	270	298	197	195	159	-18.5%	-45.9%
Incidence Rate	24.55	22.49	26.99	17.86	17.79	14.48	-18.6%	-41.0%
Lost Workdays	10,136	3,625	5,755	4,614	4,652	3,850	-17.2%	-62.0%
Injury Hours	107,094	72,401	86,670	52,670	43,749	35,522	-18.8%	-66.8%
Injury Pay	\$1,956,139	\$1,442,241	\$1,723,367	\$1,018,141	\$882,209	\$749,192	-15.1%	-61.7%
Sick Leave Hours	44,416	36,981	36,375	40,406	36,875	37,745	2.4%	-15.0%
WC Expenditures	\$3,434,665	\$2,890,684	\$3,613,992	\$3,168,659	\$3,290,786	\$2,986,754	-9.2%	
<b>MPD</b>								
All FTEs	2,899	2,890	2,753	2,763	2,756	2,727	-1.0%	-5.9%
Claims	865	775	663	636	663	680	2.6%	-21.4%
Recordable Cases	251	244	177	166	164	145	-11.6%	-42.2%
Incidence Rate	10.69	10.78	7.88	7.28	7.35	6.55	-10.9%	-38.7%
Lost Workdays	3,441	3,885	2,833	3,726	3,629	2,064	-43.1%	-40.0%
Injury Hours	35,116	32,241	29,201	34,540	40,082	23,032	-42.5%	-34.4%
Injury Pay	\$824,790	\$786,083	\$718,955	\$867,494	\$1,036,846	\$602,185	-41.9%	-27.0%
Sick Leave Hours	131,650	109,191	94,964	96,078	81,865	81,039	-1.0%	-38.4%
WC Expenditures	\$3,711,633	\$3,123,786	\$2,896,798	\$3,819,332	\$4,456,461	\$3,643,719	-18.2%	
<b>DPW All Divisions</b>								
All FTEs	2,057	2,061	2,004	1,991	1,980	1,941	-2.0%	-5.6%
Claims	1075	887	862	740	688	840	22.1%	-21.9%
Recordable Cases	474	374	359	343	264	317	20.1%	-33.1%
Incidence Rate	26.01	21.25	20.99	21.74	16.42	21.28	29.6%	-18.2%
Lost Workdays	10,341	7,567	7,061	6,822	3,895	6,626	70.1%	-35.9%
Injury Hours	66,553	47,064	44,198	35,007	22,379	27,432	22.6%	-58.8%
Injury Pay	\$1,164,474	\$814,767	\$786,257	\$640,467	\$336,226	\$405,353	20.6%	-65.2%
Sick Leave Hours	142,972	128,098	121,671	143,250	90,423	100,672	11.3%	-29.6%
WC Expenditures	\$6,282,452	\$5,287,441	\$5,579,227	\$4,231,682	\$5,639,407	\$5,782,021	2.5%	

*\*Note: Sick Leave does not include FMLA hours. Worker's Compensation Expenditures include costs for claims in the current year as well as costs for open claims from prior years.*

The implementation of the RMP in 2009 has contributed to dramatic reductions in a number of the key indicators for five consecutive years. (See Figures 1 and 2)

- Injury claims decreased by 26.3% since 2008 with the most significant decrease found in the Fire Department at 41.3%. This is a reduction of 259 claims for the MFD compared with 2008.
- Serious Claims (Medical and Indemnity) have decreased by 28.6%. In actual numbers this means that in 2013 the City had 482 less medical and indemnity claims than in 2008.
- Recordable cases have decreased by 37.2% which is a reduction of almost 400 recordable cases in a five year period. The decrease in recordable cases for MFD, MPD, and DPW is 45.9%, 42.2%, and 33.1%. This reduction is arguably the most important reason why worker compensation expenditures have remained relatively flat in spite of continued increases in medical care costs. The CPI for medical care has averaged 3.5% annually since 2008.
- The incidence rate decreased by 30.5%. This reduction is significant when considering that the reduction in FTE's over the five year period is only 7%.
- Lost workdays decreased by 46.8% which represents a reduction of 6,286 days. This reduction is attributable not only to the overall reduction in recordable cases but the implementation of the Fire Department's Return to Work Program and the expansion of DPW's Transitional Duty Program in 2009/2010.
- Injury hours decreased by 58.3% and reversed an upward trend that the City had been experiencing prior to 2009.

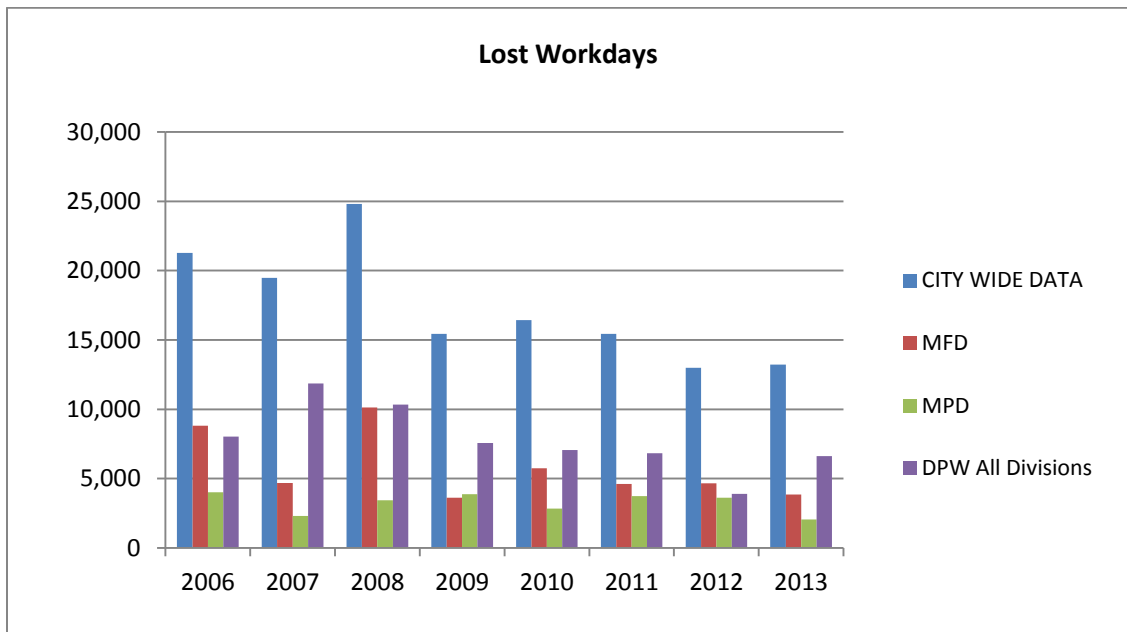


Figure 1

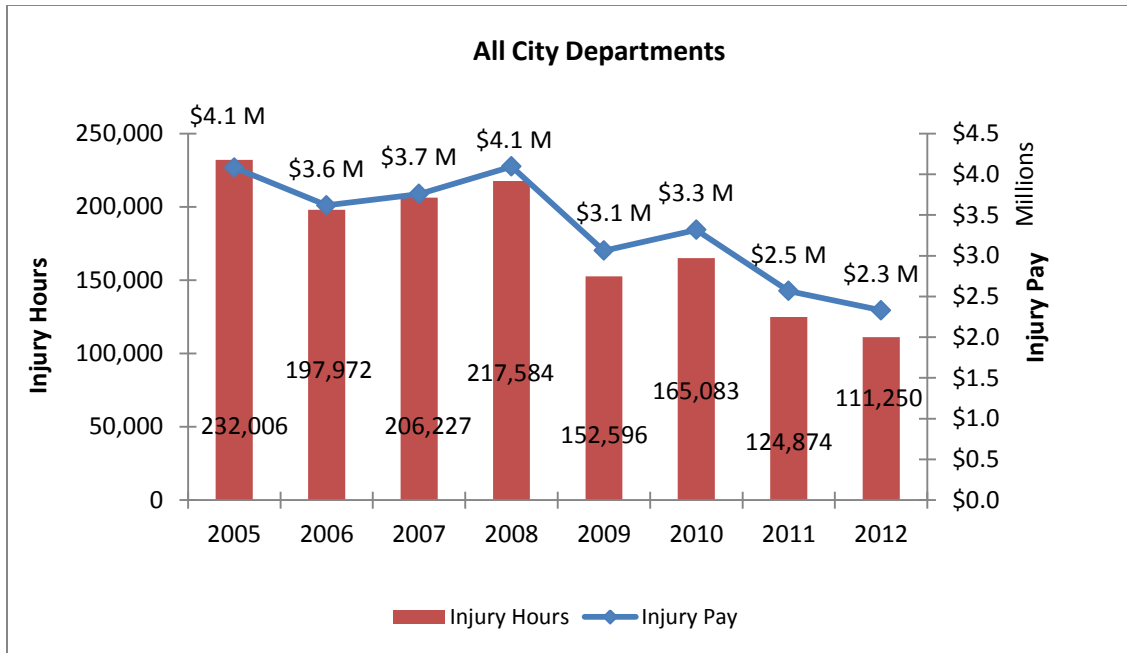


Figure 2

It should be recognized that these reductions have positively impacted staffing replacement costs and overtime expenditures within the relevant departments. More importantly, these reductions and the RMP have:

- Contributed to increased productivity in support of both primary functions as well as those activities performed in connection with Return to Work programs;
- Helped mitigate service level decreases that the City might have otherwise experienced as the number of overall City FTE's has decreased over the years;
- Created meaningful, temporary work assignments for injured employees in DPW, MFD, and MPD who otherwise would have been off of work for more extended time periods

In DPW, transitional duty work includes answering phones for customer service, building maintenance, transporting workers, office and clerical assistance and assisting with Sanitation Yard duties. Return to work assignments in MFD include the FOCUS program which installs working smoke alarms in Milwaukee residences, assistance with public education/community relations, and helping with a variety of firehouse duties. The MPD's Limited Duty Program has assignments distributed through various areas of the department including the Differential Police Response Unit, Criminal Investigation Bureau, Pole Camera Operations, License Investigation Unit, and Records Management.

The scorecard indicators show a positive trend in reducing workplace injuries, controlling associated expenditures and ensuring that employees are able to return to work as soon as possible. In addition, these indicators demonstrate that if the RMP had not been implemented, the City would have likely seen increasing trends in most if not all of these areas.

For example, worker’s compensation expenditures have remained relatively flat since the implementation of the RMP with an average decrease of -.6% between 2009 and 2013. Prior to the RMP, from 2001-2008, annual worker’s compensation expenditures increases averaged 13.1%. The trend change has helped the City save approximately \$12M in worker’s compensation expenditures. The RMP has also been able to bend the trend with other indicators such as injury hours and pay. Both of these indicators had average annual increases of 2.9% and 5.6% prior to the RMP. However, between 2009-2013 significant decreases have resulted in an estimated 500,000 less Injury Hours and an approximate \$10M total savings in Injury Pay. DER believes the RMP has significantly diminished trend increases in these areas as demonstrated by Figures 3 and 4.

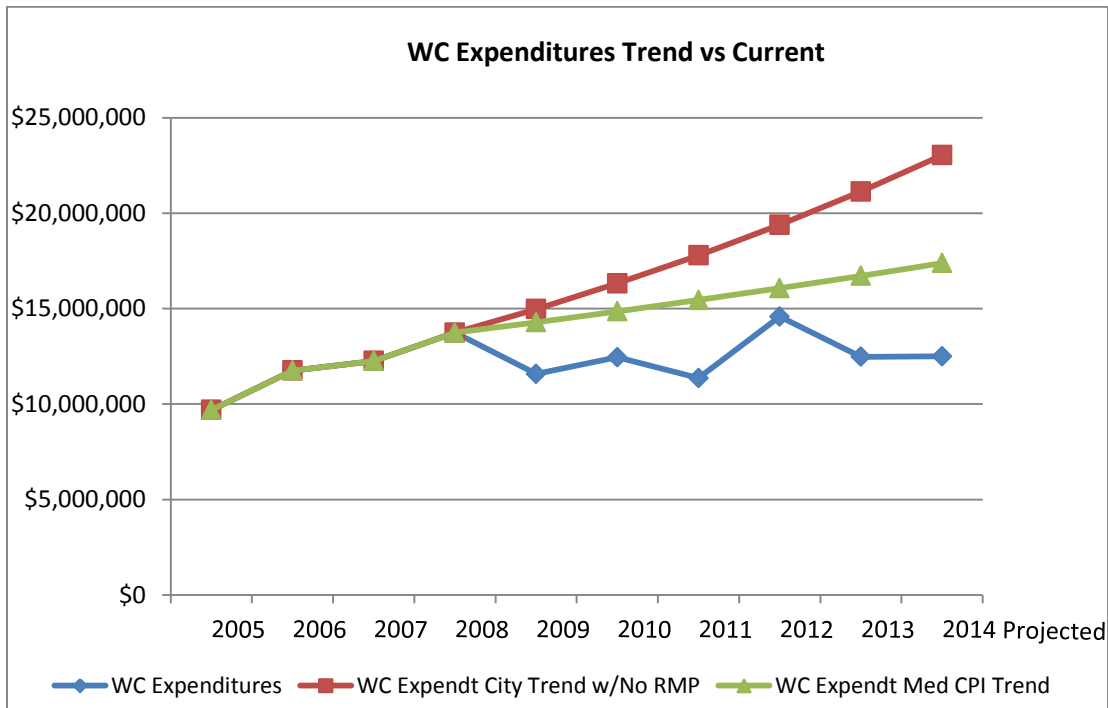


Figure 3

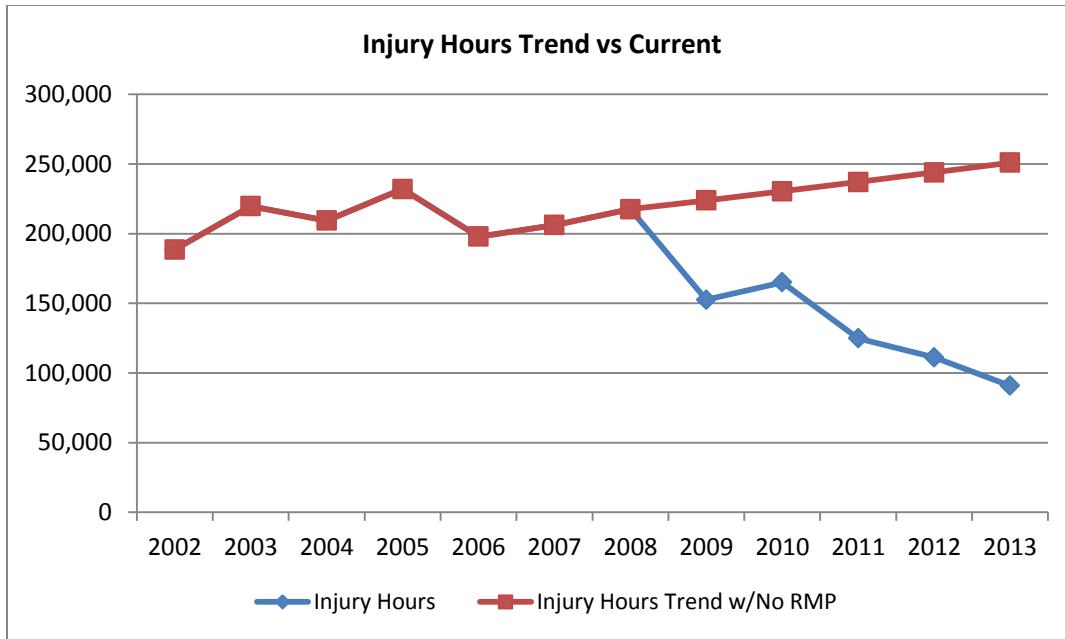


Figure 4

DER continues to identify and establish additional metrics both at the city and departmental level in order to better gauge the impact of the RMP. For example, when examining claim numbers it is important to examine the claim type to ascertain whether more serious claims are occurring with greater or lesser frequency. Figure 5 shows that more serious claims (medical and indemnity) have decreased along with no doctor (incident only) claims and then experienced a slight increase in 2013.

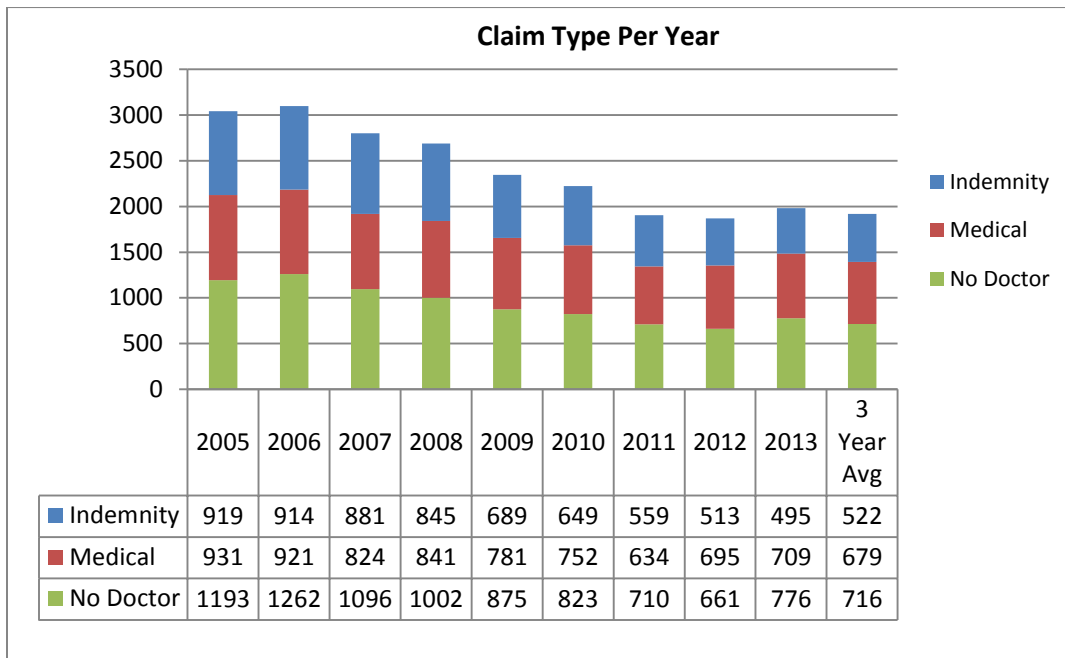


Figure 5

Because this data is also tracked at the department and division level as well as by job title and month, DER is able to isolate possible reasons for the increase and work with departments to identify any associated incident or trends causing the fluctuation. For example, part of the 2013 increase in claims was due to weather conditions including an exceptionally icy winter season in 2012-2013 and abnormally high amounts of snow and ice in the winter of 2013-2014. This resulted in a significant increase to snow operations for DPW from January through March 2013. DPW Operations experienced an increase in injury claims during that same time period (see Figure 6) which was subsequently responsible for the overall City increase. The increase was largely due to weather conditions that caused a higher rate of injuries primarily for Operation Driver Workers and Sanitation Workers.

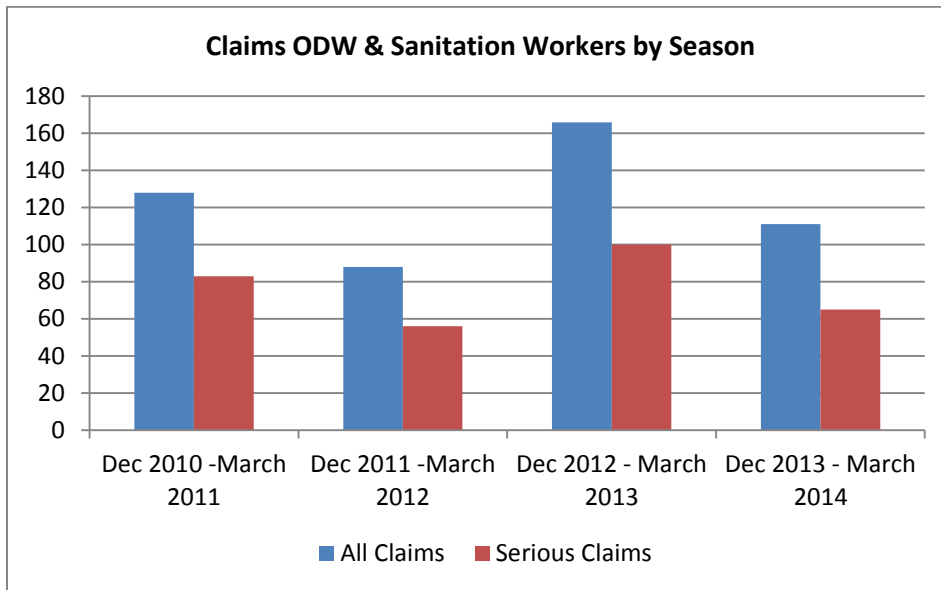


Figure 6

Examining the claim frequency per FTE helps determine whether any fluctuations may be linked to the number of employees working for the City and whether increases or decreases are happening independent of FTE changes. As shown in Figure 7, the city continues to experience decreasing injury claim trends per FTE which demonstrates the trend is going beyond declines associated with having fewer city employees.



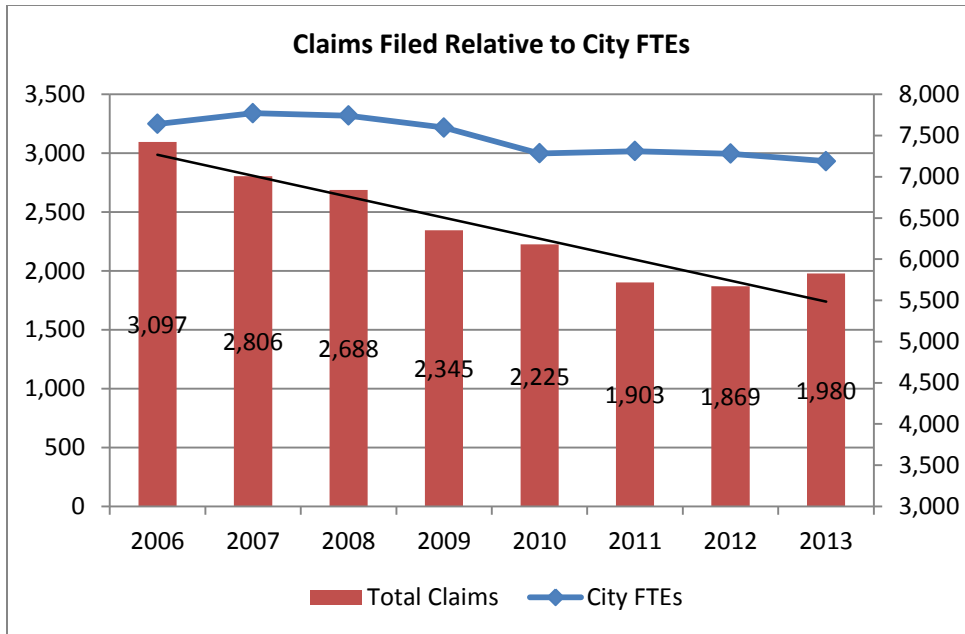


Figure 7

Looking at the City’s claim cost by ICD-9 codes along with annual changes is another way to gauge potentially problematic areas of injuries where departments may need to focus prevention efforts. For example the data in Figure 8 demonstrates that shoulder and back injuries are some of the primary cost drivers and that ankle/foot injuries experienced a significant cost increase from 2012 to 2013.

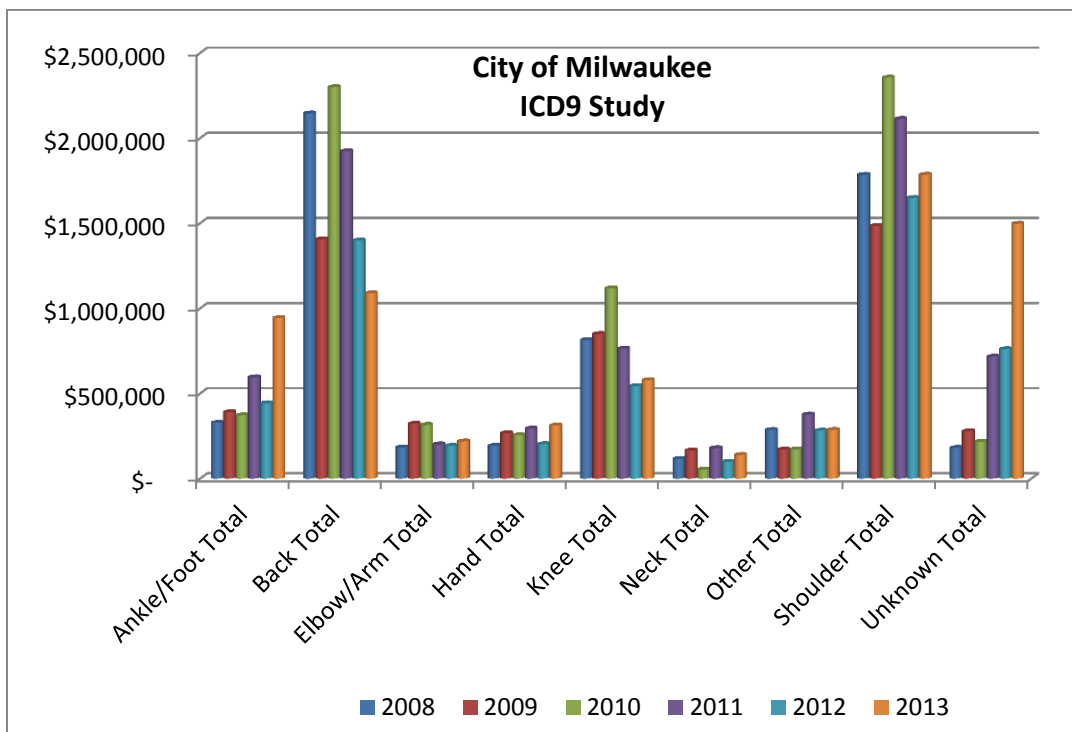


Figure 8

This information is used to identify and implement the appropriate training and intervention measures to address problem areas and minimize exposure. In addition to the aforementioned metrics, the city has also developed metrics to look at reporting lag times, the average cost per claim, return to work measures, the cost of claims per FTE, the percentage of open claims, and worker’s compensation costs as a percentage of gross payroll (table 2).

**Worker’s Compensation Costs as Percentage of Gross Payroll**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>MFD</b>	4.5%	3.8%	5.1%	4.5%	4.7%	4.3%
<b>MPD</b>	2.3%	1.8%	1.7%	2.3%	2.7%	2.2%
<b>DPW Infra</b>	4.9%	3.8%	3.4%	3.1%	4.3%	4.7%
<b>DPW Ops</b>	9.0%	7.8%	9.1%	6.6%	9.3%	8.3%
<b>DPW Total</b>	5.9%	4.9%	5.2%	4.2%	5.8%	5.9%
<b>All City</b>	3.2%	2.6%	2.9%	2.7%	3.5%	3.0%

Table 2

**Next Steps for the Risk Management Program**

DER continually strives to identify steps to enhance the overall effectiveness of the Risk Management Program, produce meaningful and effective safety plans, and improve the quality and consistency of the data that is being reported. As a result, DER plans to concentrate on the following initiatives:

1. Identify and track the impact of departmental initiatives that are linked to worksite safety and injury prevention. For example DPW is tracking worker’s compensation claims for Operations/Sanitation according to the type of collection truck used in order to evaluate the impact of one arm collection trucks on injury rates.
2. Create a stronger link between claims processing/management and the identification of hazards related to policies, practices, and skill sets by ensuring that claim adjusters have a greater understanding of departmental accident and prevention activities.
3. Implement a Citywide Accident Investigation procedure to ensure Departments provide consistent and ongoing accident investigations following a work related incident that results or could result in an employee injury.
4. Assess the effectiveness of Pilot PT Program in DPW for early intervention and injury prevention and determine next steps and expansion opportunities.

**Conclusion**

DER is committed to working with departments to continue the success of the RMP and the Safety Plan process. With the implementation of the initiatives outlined in this report, DER is confident that we can refine and expand the RMP and continue taking proactive steps to improve workplace safety. DER fully understands the unpredictable nature of some injuries and knows that despite our best efforts certain types of injuries will continue to occur. The overall goal of the Risk Management Program is to minimize accident exposures and provide a healthy and safe work environment for City employees. A fully

functioning and robust Risk Management Program will help DER and the City realize that goal while also increasing employee overall well-being.

The Department of Public Works, the Police Department and the Fire Department will also appear before the Public Safety Committee to provide an overview of their departmental safety plans and highlight critical safety initiatives and accomplishments that have been achieved.