



Department of Employee Relations

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September 13, 2012

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 and 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 summarizes the future direction of the Risk Management Program and identifies the steps being pursued to expand and strengthen the program.

### **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 at the department level and the impact of those injuries on worker's compensation related expenditures that are budgeted in DER. The Program was designed with the assumption that a stronger accountability structure was needed and that accident prevention strategies and cost containment measures were the responsibility of DER and the operating departments where the injuries and accidents were happening.

The accountability structure that was implemented under the program relies on department heads, safety personnel, and front line supervisors to identify, address and manage safety concerns and to focus on three main areas: understanding the cause and nature of injuries, identifying and implementing preventive measures and creating programs that expedite return to work options for injured employees.



Data generated by the DER claims management system provides the foundation for departments to understand and analyze claim volume, frequency, and injury severity. The data is then incorporated into annual Safety Plans that are required from the Department of Public Works (DPW), the Milwaukee Police Department, (MPD), and the Milwaukee Fire Department (MFD). The safety plans include a data analysis portion along with the identification and evaluation of safety practices needed to minimize job hazards and prevent injuries. In addition, departments must also identify goals and objectives for the following year along with associated action and completion steps for each goal.

The development and implementation of the Risk Management Program 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. These initiatives influenced the expansion of the DPW's transitional duty program in 2009, 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**

A number of citywide indicators pertaining to worker's compensation claims and injuries are tracked and monitored to better understand the significance of any trend increases or decreases. Some of the general data includes the number and type of claims filed each year, annual paid claim expenditures, the number of recordable cases, the incidence rate, the number of lost workdays and injury hours and pay. Table 1 provides a summary of the data since 2008.

Indicators in the table that reveal the extent to which injuries and accidents occur within the City 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 record 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. An incidence rate of 18.31 means that for every 100 City employees, 18.3 claims are filed.

## Worker's Compensation General Data

	2008	2009	2010	2011	% Change Over Prior	% Change Since 2008
<b>CITY WIDE DATA</b>						
Claims	2,689	2,345	2,225	1,903	-14.5%	-29.2%
Medical/Indemnity Claims	1,687	1,470	1,401	1,193	-14.8%	-29.3%
Recordable Cases	1,073	927	872	744	-14.7%	-30.7%
Incidence Rate	16.01	14.22	13.82	12.14	-12.2%	-24.2%
Lost Workdays	24,817	15,441	16,421	15,432	-6.0%	-37.8%
Injury Hours	217,584	152,596	165,083	124,581	-24.5%	-42.7%
Injury Pay	\$4,095,467	\$3,057,917	\$3,287,550	\$2,508,410	-23.7%	-38.8%
WC Expenditures	\$13,737,635	\$11,575,195	\$12,444,770	\$11,362,821	-8.7%	-17.3%
<b>MFD</b>						
Claims	627	566	614	432	-29.6%	-31.1%
Recordable Cases	294	270	298	197	-33.9%	-33.0%
Incidence Rate	24.55	22.49	26.99	17.86	-33.8%	-27.3%
Lost Workdays	10,136	3,625	5,755	4,614	-19.8%	-54.5%
Injury Hours	107,094	72,401	86,670	52,670	-39.2%	-50.8%
Injury Pay	\$1,956,139	\$1,442,241	\$1,716,529	\$1,003,443	-41.5%	-48.7%
<b>MPD</b>						
Claims	865	775	663	636	-4.1%	-26.5%
Recordable Cases	251	244	177	166	-6.2%	-33.9%
Incidence Rate	10.69	10.78	7.88	7.28	-7.6%	-31.9%
Lost Workdays	3,441	3,885	2,833	3,726	31.5%	8.3%
Injury Hours	35,116	32,241	29,201	34,532	18.3%	-1.7%
Injury Pay	\$823,732	\$781,220	\$714,592	\$858,659	20.2%	4.2%
<b>DPW All Divisions</b>						
Claims	1075	887	862	740	-14.2%	-31.2%
Recordable Cases	474	374	359	343	-4.5%	-27.6%
Incidence Rate	26.01	21.25	20.99	21.74	3.6%	-16.4%
Lost Workdays	10,341	7,567	7,061	6,822	-3.4%	-34.0%
Injury Hours	66,553	47,064	44,198	34,721	-21.4%	-47.8%
Injury Pay	\$1,164,474	\$814,767	\$772,485	\$605,599	-21.6%	-48.0%

Table 1

As demonstrated in the Table 1 data as well as the charts shown below, the City has experienced significant decreases in many of these indicators from 2008 to 2011.

- Injury claims have decreased by 29.2%.
- Medical and Indemnity claims have decreased by 29.3%
- Recordable cases have decreased by 30.7%
- The incidence rate has decreased by 24.2%
- Lost workdays have decreased by 37.8%
- Injury hours have decreased by 42.7%

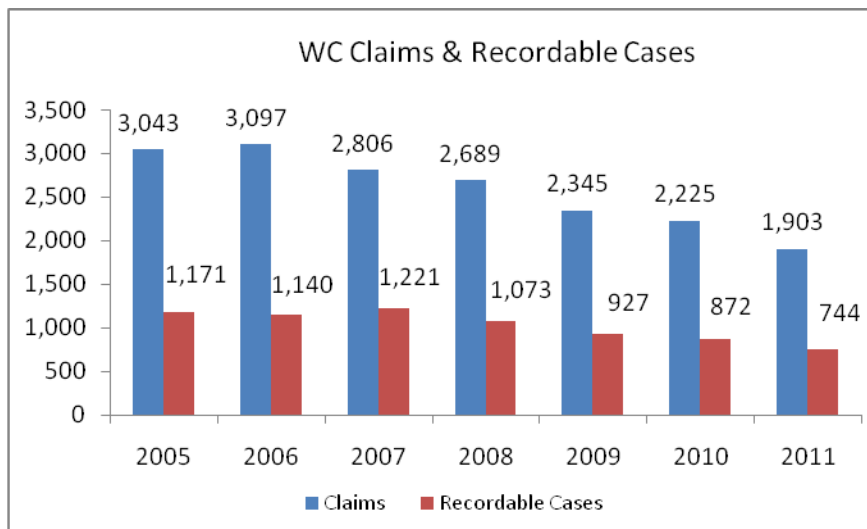


Figure 1

Expenditures for worker’s compensation have also experienced a downward trend over the past several years as shown in figure 2.

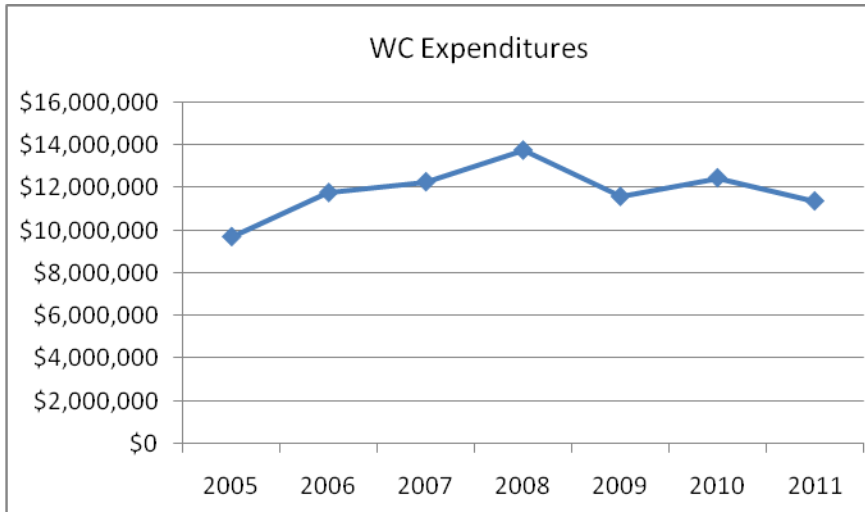


Figure 2

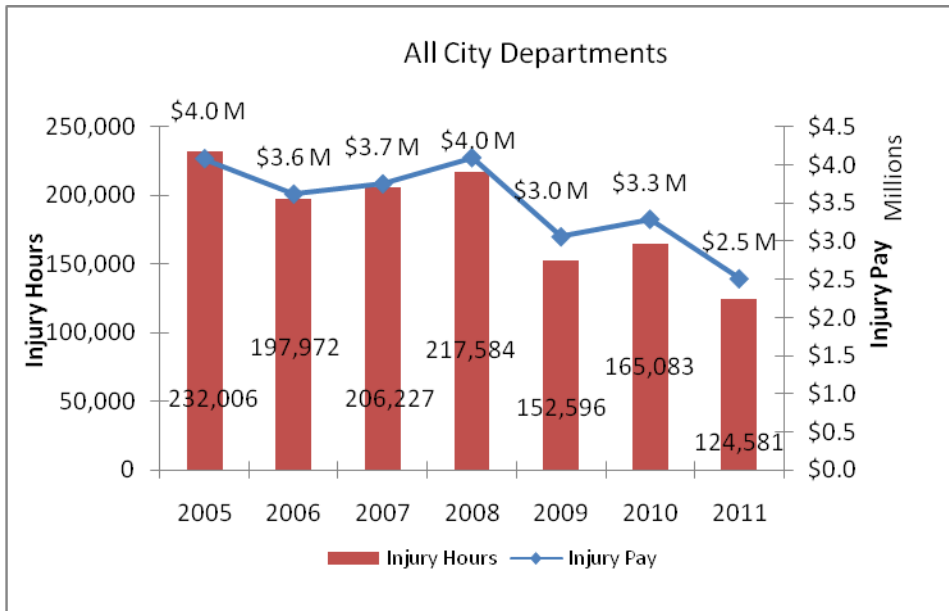


Figure 3

These general indicators show a positive trend in reducing workplace injuries and controlling associated expenditures. DER continues to work with the departments to identify and establish additional metrics both at the city and departmental level in order to better gauge the impact of Risk Management Initiatives.

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 4 shows that more serious claims (medical and indemnity) have been decreasing along with no doctor claims as well. If overall claim numbers were going down, but the number of medical and indemnity claims were increasing this would be an obvious cause for concern.

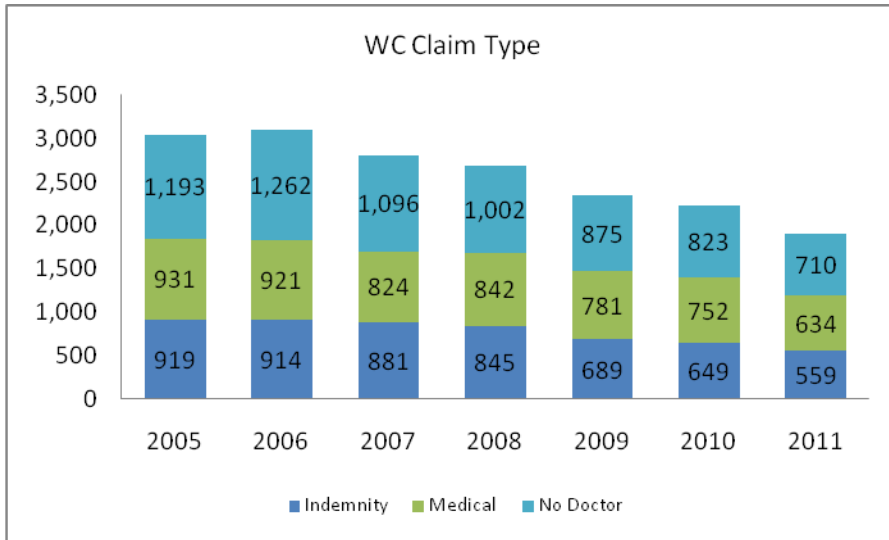


Figure 4

Examining the claim frequency per FTE helps determine whether any fluctuations may be linked to the number of employees working for the City or whether increases or decreases are happening independent of FTE changes. As you can see from Figure 5, 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.

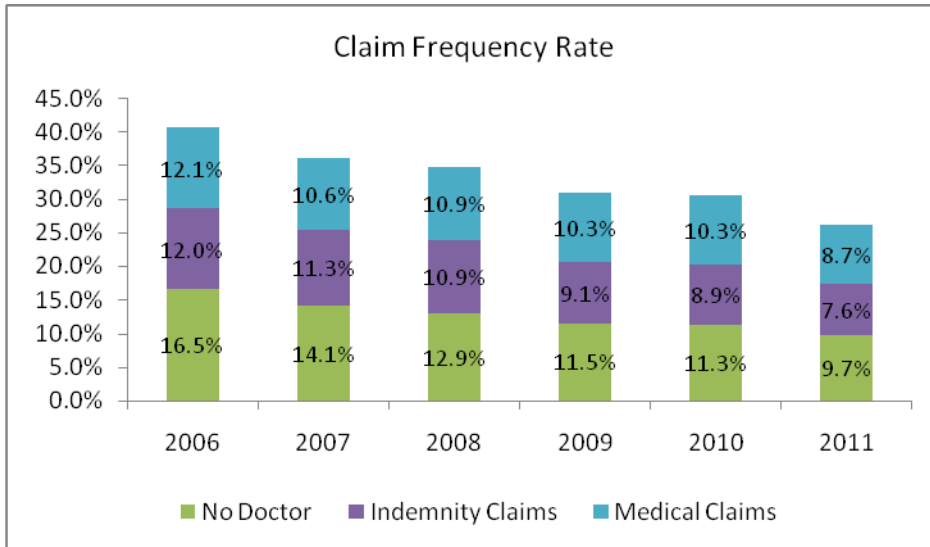


Figure 5

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.

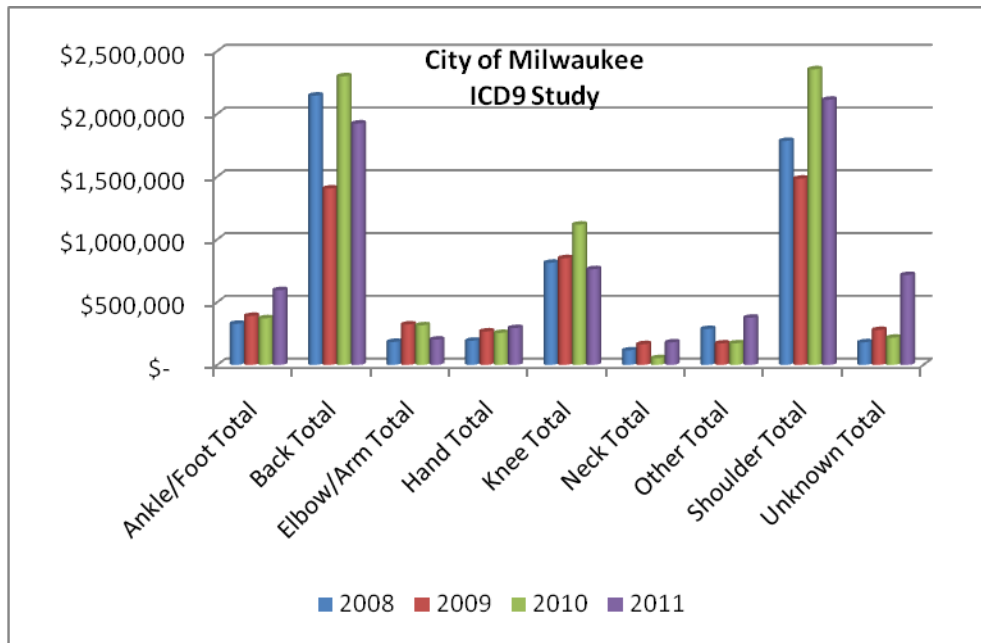


Figure 6

In addition to the metrics illustrated above, 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, and the percentage of open claims (see tables 2 & 3). DER is also working to develop additional metrics to examine claim trends and costs by body part.

**WC Costs as Percentage of Gross Payroll**

	2008	2009	2010	2011	3 Year Avg
All City	3.2%	2.6%	2.9%	2.7%	2.8%
MFD	4.5%	3.8%	5.1%	4.5%	4.5%
MPD	2.3%	1.8%	1.7%	2.3%	1.9%
DPW Infra	4.9%	3.8%	3.4%	3.1%	3.4%
DPW Ops	9.0%	7.8%	9.1%	6.6%	7.8%
DPW Total	5.9%	4.9%	5.2%	4.2%	4.8%

Table 2

Cost Per Claim	2008	2009	2010	2011	% Change Over Prior	% Change Since 2008
<b>CITY WIDE DATA</b>						
Claims	2,689	2,345	2,225	1,903	-14.5%	-29.2%
Medical/Ind Claims	1,687	1,470	1,401	1,193	-14.8%	-29.3%
WC Expenditures	\$13,737,635	\$11,575,195	\$12,444,770	\$11,362,821	-8.7%	-17.3%
Cost Per Med/Ind Claim	\$8,143	\$7,874	\$8,883	\$9,525	7.2%	17.0%

Table 3

**Next Steps for the Risk Management Program**

While safety plans have become an important accountability tool for the Risk Management Program, DER believes additional steps can be taken to enhance the overall effectiveness of the safety plans and

improve the quality and consistency of the data that is being reported. Beginning in 2013 several changes will be made to the process as outlined below.

- Departments will begin entering injury claims data directly into the claims management system. This should improve reporting lag times between the departments and DER and streamline claims processing functions. Data entry by departments will allow the injury data to be classified on the front end of the process and improve real time data analysis. Currently the classification of injuries is completed long after the data entry step which delays the execution of periodic and meaningful analysis.
- DER will complete the data analysis portion on behalf of each department to ensure the analysis is completed in a consistent manner and the City is adequately identifying and addressing the key loss sources and drivers for each department. With departments classifying the injury data in real time, DER will also be able to complete more timely analysis of the data. This will give departments more opportunity and time to concentrate on high priority safety initiatives, identify and measure outcomes, and evaluate the effectiveness of the initiatives.
- DER will work with each department to improve performance measurements by developing injury and accident exposure data that is specific to each department and that aids in the analysis of departmental injuries and accidents. For example when looking at the incident rate of injuries associated with garbage cart handling, it would be helpful to know the number of sanitation stops that require the movement and handling of garbage carts.
- A Safety Report Template will be developed for departments to use when completing annual Safety Plans. This will add some consistency to the general format of the plans and ensure that each department completes the mandatory sections. It will also allow DER to more easily determine if the plan completion requirements have been fulfilled.

#### **Additional New Initiatives Underway**

Some additional enhancements will be made to the claims processing and management functions as a result of the recent worker's compensation audit that was completed by the Comptroller's Office. These include improved efforts to combine both claims management and risk prevention, implementation of a quality claim review process, improvements to claims reserving procedures, and increased and consistent use of nurse case management for complex medical cases.

DER has also been working with a consultant to develop better projection models that analyze the total estimated claim liability along with the severity and life of a claim in order to determine current year expenditures along with the incurred but not reported losses (IBNR). Gaining a better understanding of IBNR costs will help DER better anticipate fluctuations due to claim variance and more accurately budget claim expenditures from year to year.



While DER planned to expand the Risk Management Model to other departments in 2013, at this time DER is going to concentrate on refining the current program before expanding it to additional departments.

### **Conclusion**

DER is committed to working with departments to continue the success of the Risk Management Program 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 Risk Management Program 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. DER's primary goal 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.

At subsequent Public Safety meetings the police department, the fire department and the department of public works will each provide an overview of their departmental safety plans and highlight critical initiatives and accomplishments that have been achieved over the past several years.