

# **City of Kirkwood Workers Compensation Fund**

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## **Mission Statement**

Through the application of sound risk management, procedures, communication, training, and compliance with regulations reduce injuries and accidents and create a safe and healthy working environment for employees.

The Worker's Compensation Fund has identified the following performance measures: Staffing, injury/incident report, and severity and frequency including an analysis by location, and by cause of loss. The Worker's Compensation Fund was established during FY 2002 with council's approval.

## **Staffing**

The Safety Manager is responsible for implementing a City-wide Safety and Loss Prevention Program that complies with all applicable federal, state, and local regulations; processing and investigating liability claims; coordinating with our third party administrator for all workers' compensation claims, report preparation, and documentation; providing safety inspections, training; chairing the safety committee; publishing the safety newsletter; and investigating accidents.

## **Frequency and Severity**

Frequency and severity are two of the ways a worker's compensation program is measured and evaluated.

**Frequency** – is the number of occurrences.

**Severity** – is the money we are spending on claims. The forces acting to drive up these costs include "pure" inflation (rising wages and medical costs), changes in the frequency or types of medical services provided, types of injuries, more attorney involvement and claim settlements/awards. A department can have a small number of injuries (frequency) and still be high in the associated costs of those claims (severity) because of the above factors.

## **Overall Analysis by Department**

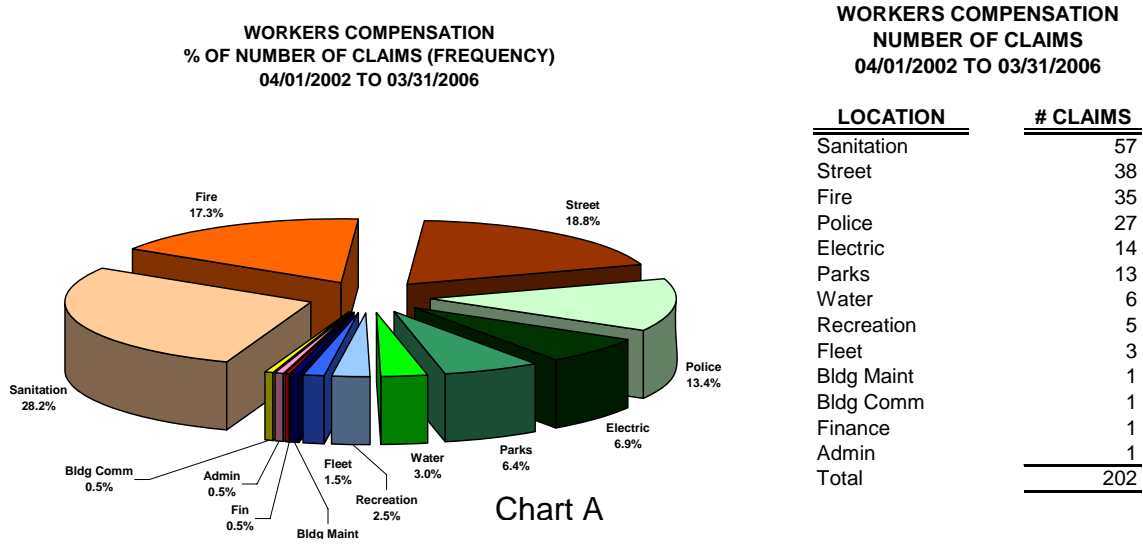
The data that follows gives us an overall perspective of the variances and fluxuation within the city's departments. Please note cumulative data, starting with April 2002, are used throughout these reports. The charts are analyzed by department, utilizing the principles of frequency and severity.

**Chart "A":** This pie chart, shown on the following page, depicts the percent of claims (frequency) by department, showing very little change from last year in department standings.

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**Table “A”:** This table lists the actual number of claims by department in descending order. Chart “A” shows the Sanitation Department having the most claims (57), followed by Street (38), Fire (35), Police (27), and Electric (14). These five departments comprise the majority of the claims because they are high-risk categories due to the nature of their labor-intensive occupations, weather conditions, and/or unexpected occurrences.

## Overall Analysis by Department: Frequency



**Chart “B”:** This chart illustrates the percent of severity by department. In the overall ranking, the Police Department leads this category; only 38 claims but 41.9% of incurred costs due to the single fatality claim of a police officer. Currently, the top five are Police 41.9%, Fire 19.5%, Sanitation 15.6%, Street 12.3%, and Electric 8.2%.

**Table “B”** lists the actual dollar costs (severity) incurred by department in descending order. The total incurred is the total paid plus the outstanding reserves—the variable is the outstanding reserves. These reserves will zero out once a claim is closed thereby reducing the total incurred on a claim and that department’s totals.

There can be a variety of costs associated with workers’ compensation claims that may be on going for long periods of time—one to two years, or sometimes longer. These costs may be compounded by inflation, frequency, and types of medical services provided, as well as legal and medical expenses, which can rapidly escalate when closure of a case is delayed until all parties agree upon resolution.

The top five in dollars spent are: Police—\$1,484,632.00; Fire—\$690,416.00; Sanitation—\$551,339.00; Street—\$436,990.00; and Electric \$290,079.00.

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## Overall Analysis by Department: Severity

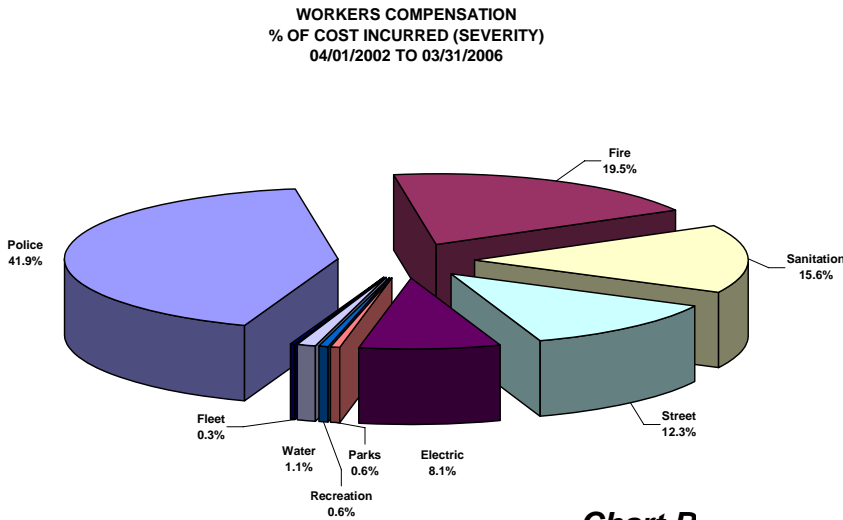


Chart B

## WORKERS COMPENSATION DOLLAR COSTS INCURRED 04/01/2002 TO 03/31/2006

LOCATION	TOTAL COST INCURRED
Police	1,484,632
Fire	690,416
Sanitation	551,339
Street	436,990
Electric	290,079
Parks	20,311
Recreation	19,593
Water	38,815
Fleet	11,257
Bldg Maint	484
Admin	1,830
Bldg Comm	134
Finance	121
Total	<u>3,546,001</u>

Table B

### Analysis by Cause of Loss: Top Five

What types of injuries occur the most? The analysis by cause of loss report gives us an overall perspective of the type of injuries that have been reported by City employees and helps to determine the type of education and training that may be needed in future programs.

Chart "C": The most frequently reported injury (17 claims) is "Strain/Injury by Holding/Carrying". This category is similar to "Strain/Injury by Lifting" with 16 claims. Injuries can be a combination of both because of their nature. Many of the claims in these two categories are from the Sanitation department where duties are very labor intensive, e.g., continuous lifting and tossing of both refuse and yard waste bags in all types of weather conditions and repetitive motion on/off the trucks.

Of the two largest claims, one is an employee from the Sanitation/Recycling Facility, where the physical demands involve repetitive motion stress factors of stooping/bending/lifting, and keeping up with the volume of received materials. The other involved very complicated and expensive back surgery for a Fire employee. Both Streets and Fire will always be high risk for injury in this category due to the nature of their occupations.

The third category is "Strain/Injury by Using Tool/Machine" with 16 claims. This category consists of injuries from various departments using miscellaneous equipment. "Strain/Injury by Pushing/Pulling" is fourth with 13 claims and "Person in Act of Crime" is fifth with 10 claims but the highest in total incurred dollars.

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CITY OF KIRKWOOD  
WORKERS COMPENSATION  
TOP 5 CAUSES OF INJURY BY FREQUENCY  
04/01/2002 TO 03/31/2006

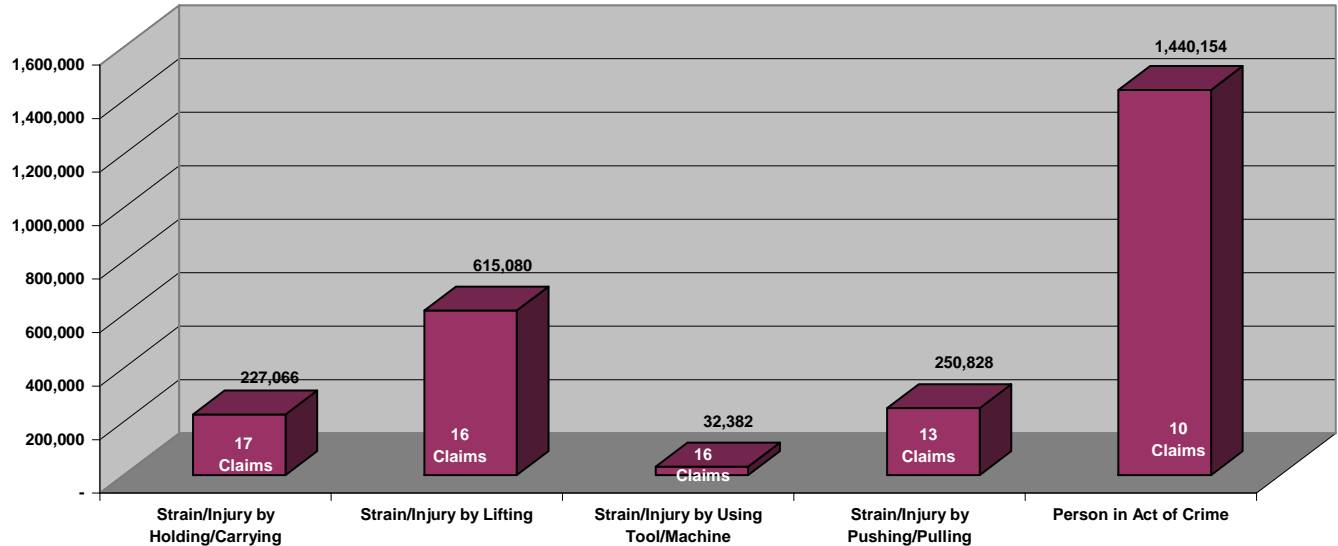


Chart C

**Chart “D”:** What kind of claims have been the most expensive? We can look at Chart “D” to determine where the most money has been spent. This includes money placed in a reserve fund toward anticipated expenditure towards medical treatment, employee retention of legal council, and claim settlements.

The highest dollar costs (severity) in our top five remains Person in Act of Crime with total incurred dollars of \$1,440,154.00. The majority of this cost is one claim for Police officer/fatality = \$1,358,000.00

Strain/Injury by Lifting remains the second highest in total incurred dollars (\$615,080.00). However, over ¾ of this amount is only for three claims: \*Fire/paramedic—lifting patients; extensive surgeries for back injuries=1 claim of \$452,000. \* Street employee, litigation was 2/3 of the amount of the entire claim of \$44,143.00. \*Sanitation/collector, neck surgery = 1 claim of \$67,408.

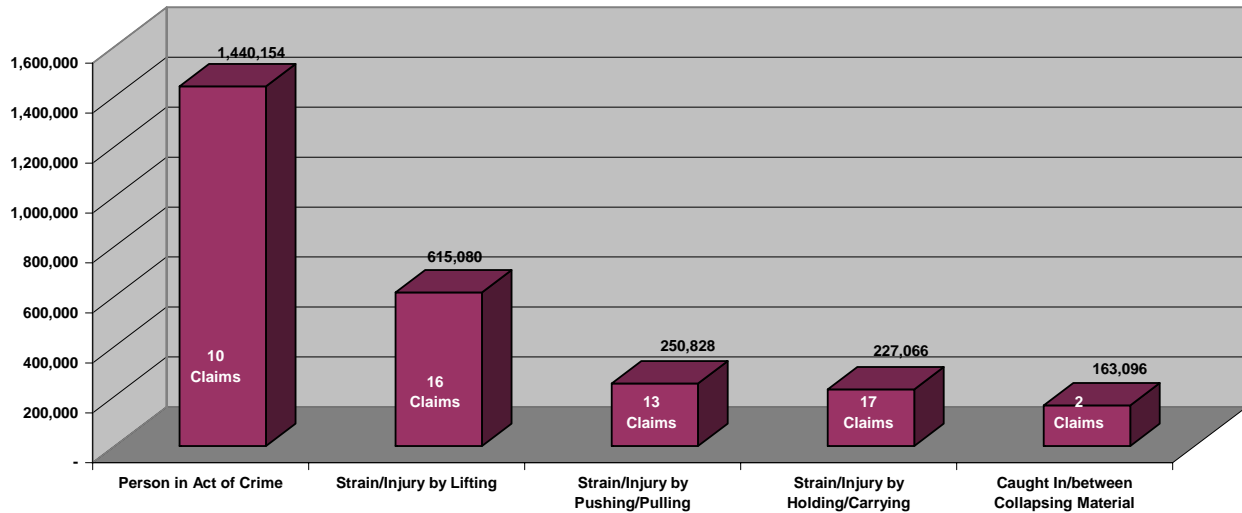
Strain/Injury Pushing/Pulling is the third highest in incurred dollars (\$250,828.00). Largest claims were: \*Street—back, knee injuries=2 claims, \$90,768. \* Sanitation— neck surgery=1 claim, \$95,448. \*Fire—arm, shoulder=1 claim, \$45,490.00.

Fourth is Strain/Injury by Holding/Carrying (\$227,066), but this category had the most injury claims (17). The majority are from Sanitation (12), and the largest claim is an employee from the Sanitation/recycling facility—repetitive motion stress factors (\$158,714.00).

Caught Between Collapsing Materials was fifth (\$163,096). Electric/linemen, multiple injuries from collapsing telephone pole = \$163,096= 2 claims.

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CITY OF KIRKWOOD  
WORKERS COMPENSATION  
TOP 5 CAUSES OF INJURY BY DOLLARS INCURRED  
04/01/2002 TO 03/31/2006



**Chart D**

## **Controlling Costs:**

### **Self Insurance:**

City staff met with the state Division of Workers' Compensation in May 2006, following a site visit and audit of our safety and loss control programs. We were given high praise for how far the city has come since 2001 when we first sought the authority to self-insure. Because of our efforts and success in the reduction of injuries and related costs, the City was granted provisional permission to self-insure as of June 1, 2006, effectively saving about \$100,000.00 in premiums. They presented a series of recommendations that we are working through to fine-tune our safety program toward the completion date of April, 2007, so we may remove the "provisional" status from our self insurance program.

**Safety Meetings:** Supervisory personnel and department head meetings were held in July, September, and another is set for the end of November, to review the Division's requirements and the safety manual. Changes are being made to the safety manual and the intranet injury forms to make them more user-friendly, per the suggestions of City personnel. Sections of the manual that required departmental customization were reviewed with individual departments to make sure that each department successfully accomplished the required work.

Departments continue to hold their safety meetings on a regular basis, depending on their individual schedules; both Streets and Sanitation hold weekly meetings, Water, Fleet Services, and Electric have monthly meetings.

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Safety Committee: All departments are represented at the Safety Committee, guided by the Safety Manager, where vehicle accidents and work comp injuries and incidents are reviewed. The Committee also makes follow up safety recommendations, as needed. Department heads frequently attend and participate at these meetings.

AJ Gallagher became our agent of record and provider of risk management services effective 6/1/06. They are providing hands-on assistance with many of our insurance programs, including loss control inspections and other areas of safety. We continue to hold quarterly meetings with our third party administrator; they are conducted to review existing claims and determine how best to bring them to timely closure. Litigated cases are also closely watched.

Personal Protective Equipment: New this year, are neon green reflective-material shirts, hats, and jackets for various departments that work outside. Inspections are made to spot check employees to ensure they are wearing required personal protective equipment.

Seminars, Training: This is always ongoing—some topics/classes are mandatory and have deadlines or may be required to complete our recommendations from the state; we have an extensive new video lending library provided by AJ Gallagher for all departments to use; free seminars by our EAP provider and insurance carriers are scheduled as we can get them. The Safety Manager continues to attend classes and seminars on safety practices, medical information and regulatory updates, and to work closely with our third party administrator in obtaining good medical services and treatment.

Various departments have received certifications or upgrades on training (e.g., confined space). The Street Department has improved their (vehicle) accident investigation procedures through reenactment and follow-up investigations. Noise/Hearing/Protective Equipment training has been given to the appropriate departments, following noise surveys that were conducted in October 2006.

### **Experience Modification Rating:**

The National Council on Compensation Insurance, Inc. (NCCI) is the nation's largest information company serving the workers compensation marketplace. Operating on a not-for-profit basis since 1992, NCCI studies workplace injuries and other national and state factors impacting workers compensation. With this information they provide analyses of industry trends, prepare workers' compensation insurance rates and loss costs recommendations. Each year, they send out our current experience rating worksheet, on behalf of the insurance industry, and it is one of the factors used to calculate insurance premiums.

A factor of 1.00 rating = the average experience rating.

A factor of 1.10 rating = additional charges to insurance premiums.

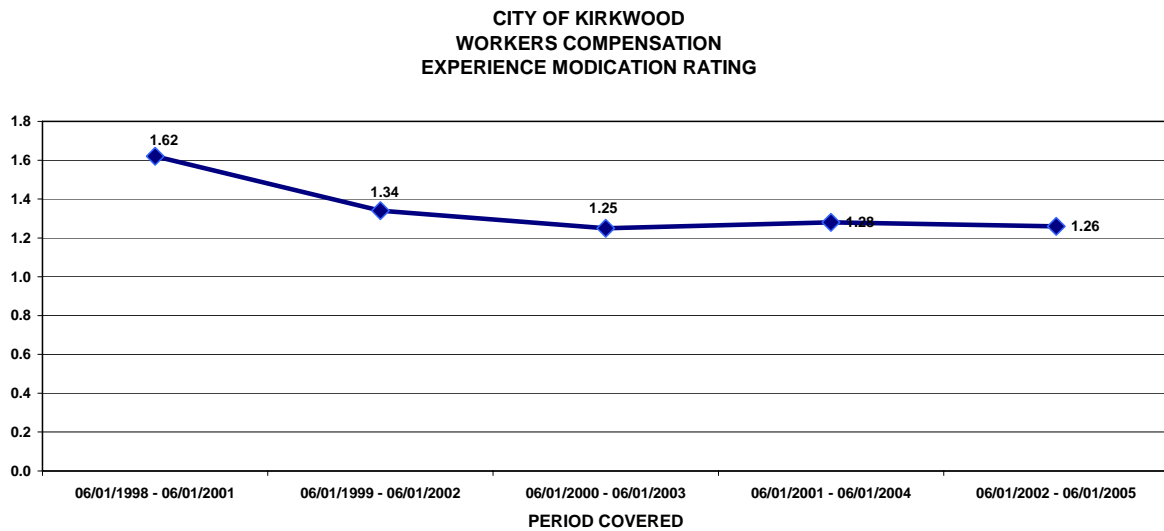
A factor of 0.90 rating = insurance premiums may be lowered.

New ratings are received in late July/early August.

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Chart "E" shows Kirkwood's ratings, which consistently have gone down over the last four reporting periods and leveled off under the 1.3 mark. The current rating stands at 1.26.



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