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#621
Managing a Workers' Compensation Program for Public Employers

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Ohio Bureau of Workers' Compensation



Managing a Workers' Compensation Program for Public Employers

- Strategies for Claims Management when there are multiple appointing authorities
- Allocation of cost over multiple departments and funding sources
- Balancing Transitional Work for an effective return to work program

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Strategies for Claims Management with Multiple Appointing Authorities

Whether a County, Township, City or Village, there are multiple department heads, elected officials or boards to work with; some of which have complete and separate authority over their own employees and budget.

With varying authorities, alternating election cycles and revolving administrative staff, managing workers' compensation costs can be challenging.

Uniformity, good claims investigation and centralized management partnered with a non-biased professional application of the policies help to ensure a successful program.



Interior of Mahoning County Courthouse. Completed in 1910. Houses seven different elected judges, Auditor, Treasurer, Recorder and Clerk of Courts.

1. Strive for Uniformity for All Departments

- Recommend that all departments utilize same reporting and benefit language in policy and Collective Bargaining Contracts with regard to work-related incidents and injuries.
 - makes it easier when new employees or administrative staff come on board
 - creates a fair application of workers' compensation rights and responsibilities for all employees
- Utilize a universal form that is PERRP compliant for work-related incident reporting.
 - avoids the mountain of paper and duplication of effort that comes with maintaining and processing internal and PERRP reporting forms
 - provides for consistent reporting of data for trending
 - ensures that same employee certification language is used in the event of a conflict

2. Perform Good Claims Investigation

- Utilize an incident report that obtains information regarding prior healthcare issues and treatment.
 - the existence of prior injuries or the receipt of prior treatment for same body parts or conditions may be relevant and necessary for the administration of the claim
 - being aware of all relevant prior conditions may assist in securing handicap reimbursements
 - knowing who an employee's primary care physician is may be helpful in making sure that only claim related charges and medications are being billed to the claim
- Add employee certification language to the incident report.
 - helps deter falsification of information provided
 - language can be utilized for discipline if in fact false information is provided

- Utilize, if possible, a customized medical release that provides for the release of private healthcare records.
 - enables the employer to secure private healthcare records that may be relevant in determining compensability or disability
 - helps verify whether pre-existing conditions play a role in the employee's work related claim
 - allows for the receipt of records that may be necessary in substantiating a handicap reimbursement

***Release of private healthcare records can be a sensitive issue. When utilizing a document of this nature, some controls must be in place and some facts must be made clear.**

***Utilization of this document may need to be negotiated within the collective bargaining process depending on existing language.**

***Be sure to consult with your legal counsel prior to implementing any form of customized release.**

Allocation of Cost Over Multiple Departments and Funding Sources

With multiple departments come various exposures. True cost can not be measured or reduced without first being identified.

Depending on rating type, departmentalizing total modified losses, claims costs or reserves helps to identify losses. Charging back specific funds, departments and grants may help reduce general fund costs as well as identifying areas of risk that need to be focused on.

Combining departmentalized base payroll premium with any additional risk will show a true picture of utilization.



Mahoning County allocates Workers' Compensation payroll and claims costs to at least 58 different funds/grants

1. Calculating Base Premium Rate

- Refer to experience exhibit premium calculation.
- Remove experience modifier and administrative cost from calculation.
 - penalties and administrative costs should only be charged to departments that have claims within the experience period
 - everyone gets charged a base premium
 - everyone gets charged DWRP and Additional DWRP – statutory costs

Calculation of Premium Rates:								
Manual Number	Base Rate	EM for Rates	Modified Prem Rate	Admin Cost	DWRP	Additional DWRP	Deductible Program Factor	Prem Rate per \$1 of Payroll
9430	1.55	1.30	2.02	0.2032	0.06	0.0016	N/A	0.022848
9439	21.22	1.30	27.59	2.7756	0.06	0.0212	N/A	0.304468
9430	1.55				0.06	0.0016	N/A	0.016116
9439	21.22	1.30	27.59	2.7756	0.06	0.0212	N/A	0.304468

2. Determine your Additional Risk

- The difference between billed premium and base premium is the Additional Risk. This figure is representative of penalty, utilization and administrative costs.
 - When additional risk is identified, the employer can distinguish losses from actual premium
 - Losses in the form of additional risk can be charged back to departments
 - This inhibits smaller departments or departments that have no utilization from paying for another departments bad experience

BWC desc.	Actual Employees	Taxable Earnings	Billing Rate	Premium	Base Rate	Standard Workers' Comp Due	Additional Risk
9430 N		59,093,353.59	0.022848	1,350,164.94	0.016116	952,348.49	397,816.46
9439 N	Emg Volunteers	14,100.00	0.304468	4,292.99		4,292.999	0.00

3. Departmentalize your Experience Period Losses

- Report experience period total modified losses by department then prorate the sums.
- * This can be further broken down into funds, payroll codes, grants codes, etc.
- * This method allows for specific assignment of risk within premium.

2010 Experience Period Allocation Report		
Department	Dept TML	Additional Risk Rate
Auditor	49,589.00	0.01092
CSEA	250,887.00	0.05527
Childrens Services Bd	47,695.00	0.01051
Clerk of Courts - Legal	294.00	0.00006
Common Pleas Court	310.00	0.00007
County Commissioners	481.00	0.00011
JFS	285,227.00	0.06284
Engineer	583,448.00	0.12853
Facilities	154,575.00	0.03405
Health Department	2,348.00	0.00052
Juvenile Court	19,076.00	0.00420
MBDD	1,262,637.00	0.27816
Prosecutor's Office	750.00	0.00017
Recorder	10,231.00	0.00225
Sanitary Engineer	153,534.00	0.03382
Sheriff's Department	1,718,142.00	0.37851
Experience Period TML	4,539,224.00	1.00

4. Allocated Premium Calculation

GENERAL FUND	Fund	Org	2010 Reportable Payroll Expense	Standard Workers' Comp Rate	Standard Workers' Comp Due	Additional Risk Amount	Total
Commissioners	100	100101	830,000.00	0.016116	13,376.28	42.15	13,418.43
Auditors	100	100125	625,000.00	0.016116	10,072.50	4,345.97	14,418.47
Courts	100	100562	2,539,365.54	0.016116	40,924.42	52.53	40,977.35
Prosecutors	100	100122	990,076.00	0.016116	9,509.66	65.73	9,575.39
Sheriff	100	100106	11,556,236.32	0.016116	186,240.30	150,077.54	336,817.84
Recorder	100	100232	225,661.51	0.016116	3,636.76	896.64	4,533.40
Treasurer	100	100244	243,910.64	0.016116	3,930.86	-	3,930.86
Facilities	100	100102	1,424,051.25	0.016116	22,950.01	13,546.91	36,496.92
Juvenile CrvDet	100	100577	3,273,968.33	0.016116	52,763.27	1,671.82	54,435.09
GENERAL NON FUND							
Engineer	215	215012	5,121,833.00	0.016116	82,543.46	51,133.24	133,676.70
Bd of Health	700	700582	2,002,183.00	0.016116	32,267.18	205.78	32,472.96
Bd of Dev Dis	245	245667	8,749,241.00	0.016116	141,002.77	110,657.19	251,659.96
Childrens Svcs	235	235778	4,842,445.00	0.016116	78,040.84	4,179.98	82,220.82
JFS	210	210005	8,565,073.00	0.016116	138,034.72	24,997.22	163,031.94
CSEA	220	220965	3,024,246.00	0.016116	48,738.75	21,987.67	70,726.42
Sanitary	500	500024	5,480,063.00	0.016116	88,316.70	13,455.68	101,772.38
			59,093,353.59		952,348.49	397,816.46	1,350,164.94

- When allocated costs are compared to regular billed premium costs, more often than not, the allocated costs are less.

GENERAL FUND	Fund	Org	2010 Reportable Payroll Expense	Standard Workers' Comp Rate	Standard Workers' Comp Due	Additional Risk Amount	Total Allocated Expenses	Dept billed premium-no allocation
Commissioners	100	100101	830,000.00	0.016116	13,376.28	42.15	13,418.43	16,963.84
Auditors	100	100125	625,000.00	0.016116	10,072.50	4,345.97	14,418.47	14,280.00
Courts	100	100562	2,539,365.54	0.016116	40,924.42	52.53	40,977.35	58,019.42
Prosecutors	100	100122	990,076.00	0.016116	9,509.66	65.73	9,575.39	13,482.86
Sheriff	100	100106	11,556,236.32	0.016116	186,240.30	150,077.54	336,817.84	264,036.89
Recorder	100	100232	225,661.51	0.016116	3,636.76	896.64	4,533.40	5,155.91
Treasurer	100	100244	243,910.64	0.016116	3,930.86	-	3,930.86	5,572.87
Facilities	100	100102	1,424,051.25	0.016116	22,950.01	13,546.91	36,496.92	32,536.72
Juvenile CrvDet	100	100577	3,273,968.33	0.016116	52,763.27	1,671.82	54,435.09	74,803.63
NON GENERAL FUND								
Engineer	215	215012	5,121,833.00	0.016116	82,543.46	51,133.24	133,676.70	117,023.84
Bd of Health	700	700582	2,002,183.00	0.016116	32,267.18	205.78	32,472.96	45,746.88
Bd of Dev Dis	245	245667	8,749,241.00	0.016116	141,002.77	110,657.19	251,659.96	199,962.66
Childrens Svcs	235	235778	4,842,445.00	0.016116	78,040.84	4,179.98	82,220.82	110,940.18
JFS	210	210005	8,565,073.00	0.016116	138,034.72	24,997.22	163,031.94	195,894.79
CSEA	220	220966	3,024,246.00	0.016116	48,738.75	21,987.67	70,726.42	69,097.97
Sanitary	500	500024	5,480,063.00	0.016116	88,316.70	13,455.68	101,772.38	125,206.48
			59,093,353.59		952,348.49	397,816.46	1,350,164.94	1,350,164.94

3. Let Local Doctors Know you Offer Transitional Work

- **Not all injured workers will remember or will tell the examining physician that a Transitional Work Program is in place.**
 - *some injured workers want to return full duty and not be bothered while some are less motivated to return to work*
 - *communicating to local providers/occupational medical clinics that you have a Transitional Work Program helps create a relationship as well as avoid confusion as to options that exist for return to work*
 - *utilize your MCO to help in communicating the programs you offer at your place of employment with regard to return to work and treatment options*
- **Have your MCO set up working sessions with local providers to create a plan for administering workers' compensation claims with your injured workers.**
 - *some occupational medicine clinics and specialists are happy to coordinate a plan for dealing with your injured workers*

4. Transitional Work is Not Forever

- **Do not leave transitional work programs open ended; there should be set time frames for working in a transitional work program.**
 - *a good time frame often used is ninety days – the time frame required for most soft tissue injuries to stabilize or heal*
 - *since transitional work is "a transition" to full duty, it is the expectation that at the end of the transitional period, the injured worker will be released to return to work full duty*
 - *have the time frames laid out in policy or the collective bargaining agreement*
 - *allow for updates to the injured worker's medical status – additional tasks can be added with approval from the attending physician*
 - *allow for return to full duty if released prior to the end of the stated transitional period*
 - *write into policy language for early release*
 - *just because you have ninety days, does not mean you get ninety days if you only need sixty*

TRANSITIONAL WORK PROGRAM

- A. Scope**
This program will be used to direct the work of all injured employees.
- B. Policy**
1. Any time that an employee presents the employer with a medical return to work notice that indicates the employee can return to work under restricted function, commonly known as light duty, the return to work notice will be immediately referred to the Mahoning County Risk Manager.
 2. The County Risk Manager will correspond with the medical provider issuing the notice to determine the employee's limits as far as the essential functions of the transitional work that may be assigned to the employee.
 3. The Department head or designee, along with the Risk Manager, will determine if the employee is eligible for assignment to the Transitional Work Program.
 4. The Department head or designee will assign the employee requesting and approved for transitional work to an assignment for a period not to exceed ninety (90) calendar days. The assignment of the employee will not cause the displacement of any other employee from any bid position. The transitional work assignments will fall outside of the bidding processes in the C.B.A. and will be discretionary assignments by the Department Head. The transitional work assignments will not be permanent jobs and will not be construed as new jobs created for vacancy bidding.
 5. At the end of ninety (90) calendar days, the County Risk Manager, the Department head, and if applicable, the employee's medical provider, will make a decision as to the employee's availability to return to his/her regular assignment. It will be the expectation of the County and the Department Head that most employees will make the transition into their regular assignment within the ninety (90) calendar days.
 6. If an employee is unable to make transition back to regular assignments within the ninety (90) calendar day limit, the Department Head will consult with the Risk Manager, Human Resources Director and the Administrative Staff, to place the employee on sick leave, unpaid leave, FMLA, or initiate disability separation proceedings.

QUESTIONS

