



CITY OF ATLANTA

City Auditor's Office
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Why We Did This Audit

We undertook this audit because workers' compensation poses inherent risks, such as employees filing claims for nonoccupational injuries, health care providers billing for services not rendered, and employers failing to provide return-to-work options.

What We Recommended

To standardize workers' compensation processes citywide and manage the city's workers' compensation costs, the chief financial officer should:

- Finalize the city's workers' compensation policies and procedures manual and distribute citywide, in compliance with city code.
- Increase oversight of the current third party administrator when the current contract expires.
- Use the claims data provided by the third party administrator to assess and mitigate loss prevention and injury risk, and share the information with City Council, human resources and city department staff.

To help employees transition back to work and reduce the number of injuries, the commissioner of human resources should:

- Ensure that departments comprehensively screen prospective employees to ensure that they are physically able to perform job duties without injury, and review job descriptions periodically to ensure that physical requirements and safety guidelines are clear and up-to-date.
- Develop a citywide modified duty program to place employees in positions throughout the city as soon as they are released to work in modified positions.

To reduce the number of injuries, the city's executive director of safety should:

- Ensure that departments train employees to perform job duties according to proper safety techniques, to minimize the potential for injuries. Training for supervisors should include information on the supervisor's role in employee development, recognition and corrective action.

For more information regarding this report, please contact Stephanie Jackson at 404.330.6678 or sjackson@atlantaqa.gov

Performance Audit:

Workers' Compensation

What We Found

The city's workers' compensation costs are high. The number of claims reported by city employees was nearly two and a half times the national average for local governments and was consistently high over the period we reviewed. City employees reported 4,376 work-related injuries between July 2009 and March 2013. The city paid over \$44 million in workers' compensation over the same period, including medical costs, wage replacement, city disability leave, legal expenses, and payments to the city's third party administrator to process and manage claims. The city provides more generous benefits than required for work-related injuries. While city code authorizes the commissioner of human resources to place employees in modified duty positions throughout the city when departments have no appropriate positions available, employee assignments have been left to the discretion of the departments.

Patterns in claims data suggest that targeted efforts could reduce work-related injury claims and workers' compensation costs. The majority of the claims were filed by employees in four city departments; the highest number of claims were filed by employees in their first year of employment; and about 57% of claims were reported by employees who had more than one claim during the 45 months we reviewed. These factors as well as patterns in types of injury, suggest that additional training, supervision, or protective equipment could help reduce claims.

Although most workers' compensation claims were reported within one day of the injury, about 20% were reported more than two days after the injury, and 4% were reported more than 30 days after the injury occurred. Delays in either the employee or supervisor reporting the injury could hinder efforts to ensure the claim is compensable, including ensuring that employees undergo a drug test after a work-related accident.

Although the city code requires the risk manager to measure the frequency and severity of losses on a citywide basis and assist departments in managing risk, the city has focused on workers' compensation claims administration rather than risk management. The Office of Enterprise Risk Management receives a monthly loss report from the third party administrator but has not used the report to manage risk. The city should strengthen oversight of the third party administrator. The city's contract with the third party administrator does not include measurable performance metrics, and risk management has not formally or systematically assessed the contractor's performance.