

**Performance Audit:
Workers' Compensation**

September 2013

**City Auditor's Office
City of Atlanta**

File #13.02



CITY OF ATLANTA

City Auditor's Office
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September 2013

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@atlantaga.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.

Management Responses to Audit Recommendations

Summary of Management Responses		
Recommendation #1:	The chief financial officer should finalize the city's workers' compensation policies and procedures manual and distribute citywide, in compliance with city code.	
Response & Proposed Action:	Risk Management has begun to develop a comprehensive workers' compensation policy and procedures document for distribution to all City organizations.	Agree
Timeframe:	End of 3 rd Quarter Fiscal 2014	
Recommendation #2:	The chief financial officer should increase oversight of the current third party administrator by conducting periodic reviews to ensure compliance with claims administration guidelines and ensuring that the information contained in the claims database is complete and accurate.	
Response & Proposed Action:	Although risk management has traditionally met with the third party administrator on a monthly basis, this process will be formalized to include semi-annual data and financial reconciliations to confirm accuracy of information, resolve discrepancies and ensure compliance with contractual requirements and guidelines.	Agree
Timeframe:	End of 2 nd quarter Fiscal 2014	
Recommendation #3:	The chief financial officer should 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 allow them to assess, monitor and mitigate risk citywide.	
Response & Proposed Action:	Risk management will provide monthly claims and loss information to all applicable city organizations and City Council to support risk mitigation activities.	Agree
Timeframe:	End of 2 nd Quarter, Fiscal 2014	
Recommendation #4:	The chief financial officer should increase oversight of the third party administrator when the current contract expires by including in the next contract a detailed scope of services, specific performance measures, and a requirement for the third party administrator to submit annual assurance that management controls are in place, to comply with attestation standards.	
Response & Proposed Action:	Risk management is currently developing performance measures that support the on-going provision of third party claims administration services, and will also seek to have the TPA provide, on an annual basis, an SSAE 16 report.	Agree
Timeframe:	2 nd Quarter, FY14	
Recommendation #5:	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.	
Response & Proposed Action:	Human resources will continue to work with our external provider to ensure that all pre-employment testing is thorough and appropriately employs the city's position description.	Agree
Timeframe:	On-going	
Recommendation #6:	The commissioner of human resources should 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.	
Response & Proposed Action:	The Department of Human Resources in conjunction with the Law Department has developed a city-wide modified duty or light duty program to ensure consistency across departments and to facilitate the return of employees to the workplace.	Agree
Timeframe:	September 2013	
Recommendation #7:	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.	
Response & Proposed Action:	The executive director for safety will be responsible for citywide coordination of training and development activities, which will include delivery strategies based on specific job requirements. Training will be based on safety considerations of the work, departmental needs and available resources.	Agree
Timeframe:	January 2014	



CITY OF ATLANTA

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September 30, 2013


Honorable Mayor and Members of the City Council:

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. Additionally, council members and other stakeholders have expressed concerns regarding the frequency of work related injuries.

The city paid over \$44 million in workers' compensation expenses for nearly 4,400 claims reported over a 45-month period from July 2009 through March 2013. Our number of claims per 100 full-time employees and our cost per employee are high compared to national averages for local governments. Patterns in the city's claims data suggest that targeted efforts to improve training, supervision, and use of protective equipment could help to reduce the volume and cost of injury claims. The highest number of claims were filed in employees' first year of city employment; over one-half of the claims were filed by employees who had repeat claims during our review period; and 84% of claims were concentrated in four city departments. Reducing workers' compensation costs will require coordination and information-sharing among the departments of finance and human resources, the city's recently-hired executive safety director, and operating departments.

Our recommendations to the chief financial officer focus on standardizing processes citywide, increasing oversight of the city's third party administrator, and using available claims data to manage costs and minimize the city's loss exposure. Recommendations to the human resources commissioner are geared toward ensuring that departments make job requirements explicit. Our recommendation to the city's newly hired executive director of safety focuses on ensuring that departments provide safety training to

supervisors and their employees to help reduce injuries. All responsible staff agreed with our recommendations. Their full responses to our recommendations are appended to the report.



Leslie Ward
City Auditor



Fred Williams
Audit Committee Chair

Workers' Compensation

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Introduction

We conducted this performance audit of the city's workers' compensation program pursuant to Chapter 6 of the Atlanta City Charter, which establishes the City of Atlanta Audit Committee and the City Auditor's Office and outlines their primary duties. The Audit Committee reviewed our audit scope in March 2013.

A performance audit is an objective analysis of sufficient, appropriate evidence to assess the performance of an organization, program, activity, or function. Performance audits provide assurance or conclusions to help management and those charged with governance improve program performance and operations, reduce costs, facilitate decision-making and contribute to public accountability. Performance audits encompass a wide variety of objectives, including those related to assessing program effectiveness and results; economy and efficiency; internal controls; compliance with legal or other requirements; and objectives related to providing prospective analyses, guidance, or summary information.¹

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. Additionally, council members and other stakeholders have expressed concerns regarding the frequency of work related injuries.

Background

State law governs workers' compensation, which is a form of insurance that pays medical expenses and lost wages for employees injured on the job in exchange for the employees' agreement not to sue the employer. The Office of Enterprise Risk Management, part of the Department of Finance, administers the city's workers' compensation program through a third party administrator.

¹Comptroller General of the United States, *Government Auditing Standards*, Washington, DC: U.S. Government Accountability Office, 2011, p. 17-18.

State Law Mandates Workers' Compensation Benefits

State law requires most public and private employers of three or more employees to cover medical expenses and lost wages of employees who sustain work-related injuries.² Employers must obtain and maintain full insurance to compensate injured employees who qualify for benefits.³ An employer may be self insured if it can demonstrate to the State Board of Workers' Compensation that it is financially able to pay its workers' compensation liability and associated expenses. The Board consists of three members who are appointed by the governor for four-year terms. The Board is responsible for ensuring compliance with the state's workers' compensation laws.

State law requires employers to pay for medical, surgical, and hospital care; prescriptions and other treatment; and items and services that are prescribed by a licensed physician.⁴ The medical items and services covered are subject to approval of the State Board of Workers' Compensation.⁵ There is no cap on the amount of medical benefits paid or limit on the length of time that an injured employee can receive medical benefits for existing claims; however, state law enacted during the 2013 legislative session limits medical benefits to a maximum of 400 weeks for all noncatastrophic injuries occurring on or after July 1, 2013.

State law also provides for partial wage replacement based on the extent and type of injury, summarized in Exhibit 1. Workers' compensation wage replacement benefits range from \$50 to \$525 per week for no longer than 400 weeks and are capped at a maximum of two-thirds of the employee's average salary for noncatastrophic injuries. For catastrophic injuries, an employee may receive benefits as long as the disability exists. Wage replacement benefits are not subject to income tax. State law defines catastrophic injuries as injuries that include amputations, severe burns, severe head injuries, paralysis, and blindness.⁶

² O.C.G.A. § 34-9-120

³ O.C.G.A. § 34-9-121

⁴ O.C.G.A. § 34-9-200

⁵ O.C.G.A. § 34-9-205

⁶ O.C.G.A. § 34-9-200.1

Exhibit 1 Georgia Workers' Compensation Wage Benefits

Injury Status	Definition	Benefit Calculation	Amount/Duration from Date of Injury
Temporary Total Disability	Employee is unable to work for a temporary time period.	Two-thirds of the employee's average weekly wage	Minimum of \$50 and maximum of \$525 per week for up to 400 weeks
Temporary Partial Disability	Employee is partially able to work for a temporary time period	Two-thirds of the difference between the employee's previous wages and the employee's new wages	Maximum of \$350 per week for up to 350 weeks
Permanent Partial Disability	Employee is partially able to work for a permanent time period	Two-thirds of the employee's average weekly wages for the specified number of weeks - maximum of \$525 weekly. State law outlines schedule of benefits paid from 20-300 weeks, depending on body part injured.	
Death Benefits (payable to eligible dependents)	Death resulting from injury	Two-thirds of the deceased employee's average weekly wage and \$7,500 funeral costs	Maximum of \$525 per week up to \$150,000 or age 65 of spouse

Source: O.C.G.A. § 34-9-261 through 266

City provides temporary disability leave at full salary. Although not required under state law, city code provides for disability leave at full pay for employees injured on the job for up to six months in lieu of workers' compensation wage replacement benefits.⁷ After six months, the injured employee is allowed to use accrued sick and annual leave if he or she remains physically unable to work, or may choose to receive workers' compensation wage replacement benefits. Disability leave is processed through the city's payroll, not through workers' compensation.

To be eligible for disability leave, the employee must:

- be covered by the state workers' compensation law, which excludes independent contractors
- have sustained a compensable injury as defined by state law
- have seen a physician from the panel of physicians posted by the city to determine the extent of injury, the resulting physical impairment, the employee's physical ability to perform job duties during recuperation, and the employee's physical ability to return to his or her position after recovery from the injury
- provide a doctor's certification of inability to perform duties during the period of recuperation every 30 days

⁷ Section 114-424

Eligibility for disability leave also requires the employee's department head to file a report of the injury to the Department of Finance within 48 hours of the injury. The department head may assign the employee duties of other positions in the department, or the commissioner of human resources may assign the employee duties of positions elsewhere in the city if the employee is unable to perform his or her regular duties during recuperation. Although not required by state law, employees are paid their full salary while in a modified duty position.

State law requires an employee who is injured on the job to report the incident to his or her supervisor immediately, or as soon as possible, but no later than 30 days, or risk losing benefits.⁸ An employee who fails to report the incident within 30 days must then provide notice in writing, and the incident is not covered under workers' compensation unless the employee was unable to report due to physical or mental incapacity or fraud, or the employer or immediate supervisor knew about the incident.

Although an employee must report his injury within 30 days or risk losing benefits, state law allows an employee up to one year from the date of injury to file a claim directly with the state board of workers' compensation if the employee has not received benefits, requests a change of physician, or requires a hearing or mediation regarding his benefits. If the employee has already received wage benefits or medical treatment, he has up to one year after the date of the last treatment or two years after the last wage payment to file a notice of a claim or hearing request from the state board of workers' compensation.⁹

The city self-insures for workers' compensation. The State Board of Workers' Compensation has authorized the city to self-insure for workers' compensation expenses. This requires the city to have a surety bond or letter of credit on file with the Georgia Self-Insurers Guaranty Trust Fund, as assurance that workers' compensation liabilities are paid to employees if the city becomes insolvent or files for bankruptcy.

The city has contracted with a third-party administrator to handle claims. The city has contracted a third party administrator to provide workers' compensation claims administration since 2004. Prior to 2004 all claims were administered by the city. The previous contract was with NovaPro Risk Solutions, which was purchased by the current contractor in 2011. The city entered into a three-year agreement with Carl Warren & Company for workers' compensation administration, healthcare and

⁸ O.C.G.A. § 34-9-80

⁹O.C.G.A. § 34-9-82

litigation management effective December 27, 2012. The contractor's duties include:

- determining compensability – whether an employee has a workers' compensation claim that is covered under state law
- processing claims, managing investigations, and controlling losses
- maintaining all workers' compensation claims and supporting documentation in a database
- ensuring that quality healthcare is provided to injured employees

Although the contractor maintains the city's files in a proprietary claims database, all claims documentation and work products, including reports, data, and other deliverables prepared for the city are the exclusive property of the city. The city has access to the database and information that it contains.

The city's contract requires the third party administrator to provide reports describing the city's workers' compensation losses. The city must be allowed to access risk management information through the city's internet vendor, and the third party administrator's reporting system must include functionality for creating, generating, displaying, printing, and storing standard and customized reports. The contract also states that the third party administrator must provide customized reports at the request of the city. The third party administrator stores all claim information in its automated claims management system, and loss information is provided to the city via a claims database. The database is a web-based application where the city can access claim detail entered into the automated claims management system. The claims database does not contain the underlying documents associated with the file, but it does contain information about each claim. Risk management may request to view documents.

City's Process to Determine Work-Related Injury Benefits

An employee who is injured on the job reports the incident to his or her supervisor and the supervisor documents the injury report on a standard state form. The employee also completes a treatment authorization form if medical treatment is needed, and selects a physician from a panel of doctors listed on the form. These forms are shown in Appendix A. According to the city's employee handbook, the supervisor submits the completed forms through the chain of command to the city's third party administrator.

The third party administrator reviews the claim and determines whether it is eligible for workers' compensation within 21 days. To be

compensable, the injury must have occurred on-the-job, as part of the employee's duties, and not as the result of willful misconduct. If the claim is compensable, the third party administrator pays all covered medical expenses. The third party administrator also pays employees' workers' compensation replacement wages. The city reimburses the third party administrator for these expenses weekly.

When the employee sees the medical provider, the physician determines the employee's diagnosis and treatment and documents any work limitations or restrictions. The physician provides the documentation to the employee, who submits it to the supervisor. The physician's report notes whether the employee is able to return to full duty; is able to work in a modified duty position; or is unable to return to work.

Audit Objectives

This report addresses the following objectives:

- What are the cost and injury trends for the city's workers' compensation program?
- How does the city assess and mitigate risk across departments?
- How does the city exercise oversight over the third-party administrator?

Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards. We focused on Office of Enterprise Risk Management's oversight of the city's workers' compensation program from fiscal year 2010 through fiscal year 2013.

Our audit methods included:

- identifying the number, types, and costs of workers' compensation claims filed and analyzing data trends
- identifying the number of employees receiving full salary benefits
- researching applicable state law and city code provisions governing workers' compensation
- evaluating city policies and procedures that mitigate risk and facilitate employees returning to work

- reviewing the city's contract with the third-party administrator to understand performance requirements
- researching best practices for claims administration and risk management

Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Findings and Analysis

The City Has Opportunities to Reduce Work-Related Injury Claims and Costs

The city's workers' compensation costs are high. The number of claims reported by city employees was more than double 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.

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. Patterns in types of injury also suggest that additional training, supervision, or protective equipment could help to reduce claims. About 9% of the 4,376 claims filed were denied. While most employees returned to work within one day of the reported injury, lost time was significant. We estimate that that workplace injury claims resulted in about 81,000 days of lost productivity over the 45 months we reviewed, equivalent to about 83 people per year.

The city provides more generous benefits than required for work-related injuries. The city granted 56,398 hours of disability leave in lieu of workers' compensation-computed wages to 261 employees in fiscal years 2011 and 2012; seven employees received disability leave on more than one occasion over the two years. About 21% of the instances of disability leave appeared not to meet the criteria established in city code. In most of these cases the department reported the injury more than 48 hours after the injury occurred. In six instances, we found no record that the employee had filed a related compensable workers' compensation claim.

Disability leave is granted to injured employees when the city cannot accommodate work restrictions or provide options to work in a modified duty position. 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. We recommend that the commissioner of human resources 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.

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 that the claim is compensable, including ensuring that employees undergo a drug test following a work-related accident. We recommend that the Office of Enterprise Risk Management establish standard procedures for departments to follow in investigating and documenting work-related accidents. The procedures should require employees and supervisors to report injuries promptly and should require drug testing of all employees involved in workplace accidents.

Workers' Compensation Costs Are High

The city paid \$44.4 million in workers' compensation expenses from July 2009 through March 2013. Costs ranged from \$10.7 million to \$13.1 million per year in fiscal years 2010 through 2012, equivalent to about \$1,681 per full-time equivalent employee per year, about 58% higher than the average for state and local governments.

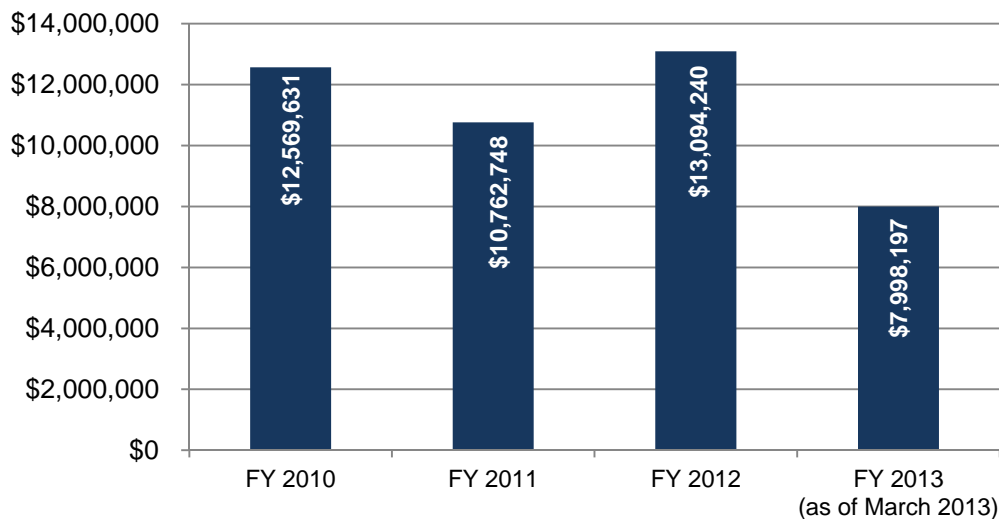
The number of workers' compensation claims was nearly two and a half times the national average for local governments. City employees filed 4,376 claims from July 2009 through March 2013, averaging 14.7 claims per 100 full-time equivalent employees annually compared to an average of 6.1 claims per 100 full-time equivalent employees for local governments.

Workers' compensation costs were higher than the national average for state and local governments. The city paid \$44.4 million in workers' compensation in fiscal years 2010 through 2012 and the first nine months of fiscal year 2013. The average annual cost was equivalent to about \$1,681 per full-time equivalent employee; the Bureau of Labor Statistics reported that workers' compensation cost state and local governments an average of 51¢ per hour worked, equal to \$1,061 per full-time equivalent employee.¹⁰

¹⁰ News Release Employer Costs For Employee Compensation—March 2013, Table 3, U.S. Bureau of Labor Statistics, U.S. Department of Labor, June 12, 2013.

Workers' compensation costs have remained relatively consistent since 2009. Although the Office of Enterprise Risk Management has a goal of reducing workers' compensation costs, the cost per year has remained relatively flat. Total workers' compensation and disability leave and related expenses ranged from \$10.8 million to \$13.1 million each year from fiscal year 2010 through fiscal year 2012 (see Exhibit 2). Workers' compensation costs for the first nine months of fiscal year 2013 were \$8 million, on pace to reach almost \$11 million for the year. The claims expenses are paid from the budgets of the departments whose employees filed the claims.

Exhibit 2 Total Workers' Compensation Costs by Fiscal Year, July 2009 through March 2013



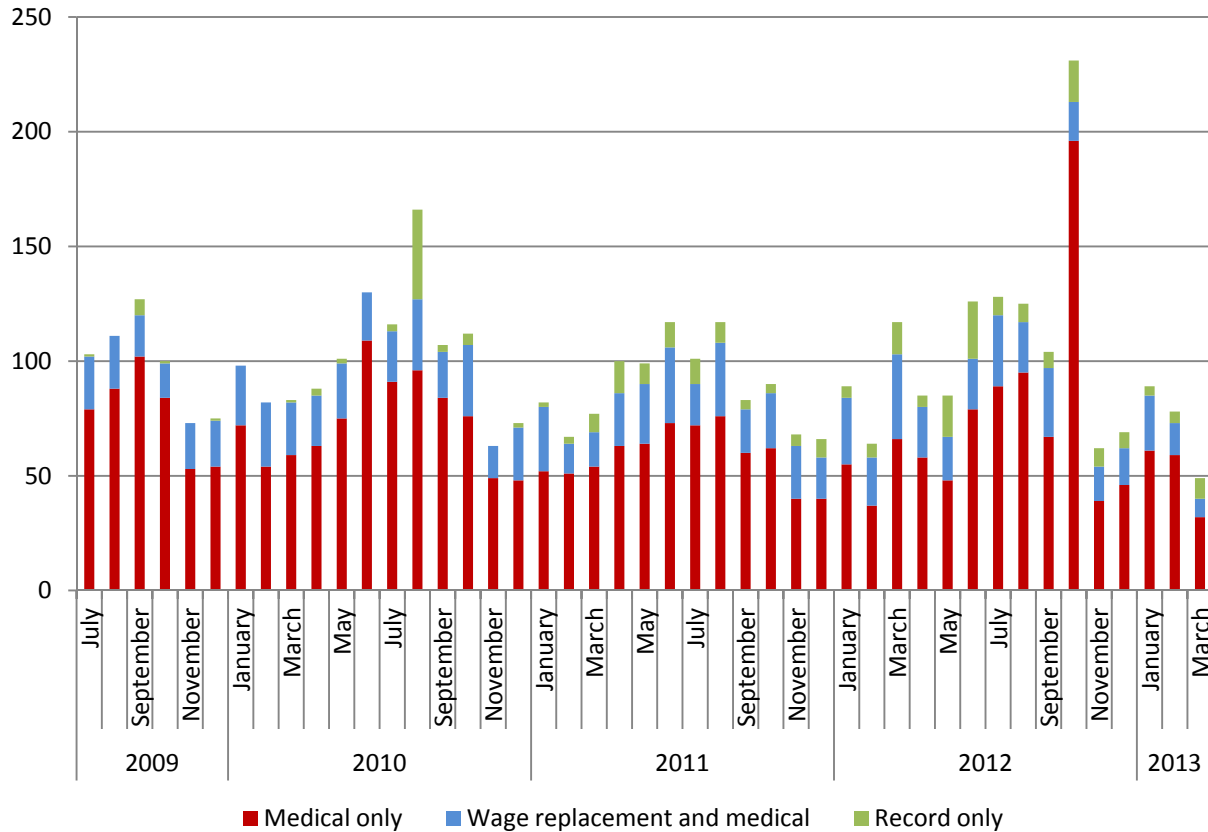
Source: Oracle, Fiscal Years 2010 through 2013, through March 2013.

The number of claims was more than double the national average for local governments. City employees filed 4,376 workers' compensation claims from July 2009 through March 2013, averaging 14.7 claims per 100 full-time employees per year. According to a 2012 Bureau of Labor Statistics survey, local governments reported 6.1 occupational injuries and illnesses per 100 employees during 2011.¹¹ The number of city workers' compensation claims filed monthly remained relatively consistent over the period, trending neither up nor down (see Exhibit 3). The spike in October 2012 occurred because employees sought medical exams when they thought they might have been exposed to mold at some of the department's facilities. Most claims (70%) covered only medical benefits. About 23% of claims covered both medical and wage

¹¹ 2011 Survey of Occupational Injuries & Illnesses, U.S. Bureau of Labor Statistics, U.S. Department of Labor, October 2012.

replacement benefits through workers' compensation, and 7% of claims filed a record only.

Exhibit 3 Number and Type of Workers' Compensation Claims Filed, July 2009 through March 2013



Source: Carl Warren & Company claims database, July 2009 through March 2013.

Most employees returned to work within one day of the injury, but time lost to injuries was significant. Overall, 65% of employees returned to work on the day of or the day following the reported injury. About 12% returned more than 30 days after the injury or had no return to work date recorded in the database. We estimate that workplace injury claims resulted in about 81,000 days of lost productivity over the 45 months we reviewed, equivalent to about 83 people per year.

Targeted Efforts Could Reduce Cost

Patterns in claims data suggest that targeted efforts could reduce the number of claims. Nearly 60% of claims were filed by employees who filed more than one claim during the 45 months we reviewed. The majority of the claims were filed by employees in four city departments:

the police department, watershed management, fire department, and public works. Claims were highest among employees in their first year of employment, indicating the need for additional training and supervision for employees, particularly within those four departments. The Department of Public Works had the highest rate of claims per 100 full-time employees and the most repeat claimants. About 20% of compensable claims were for strains incurred by lifting, twisting, jumping, or using equipment. Departments should take corrective action to ensure that employees learn and use proper work techniques.

Four departments account for the majority of workers' compensation claims. Employees from the police department, public works, watershed management, and the fire department filed 84% of workers' compensation claims from fiscal year 2010 through March 2013 (see Exhibit 4). The police department accounted for 25% of the overall claims. The Department of Public Works accounted for 22% of the overall claims and had the highest number of claims per 100 full-time employees. Four departments - parks, corrections, aviation and the executive offices filed almost all of the remaining claims.

Exhibit 4 Claims Filed by Department, July 2009 through March 2013

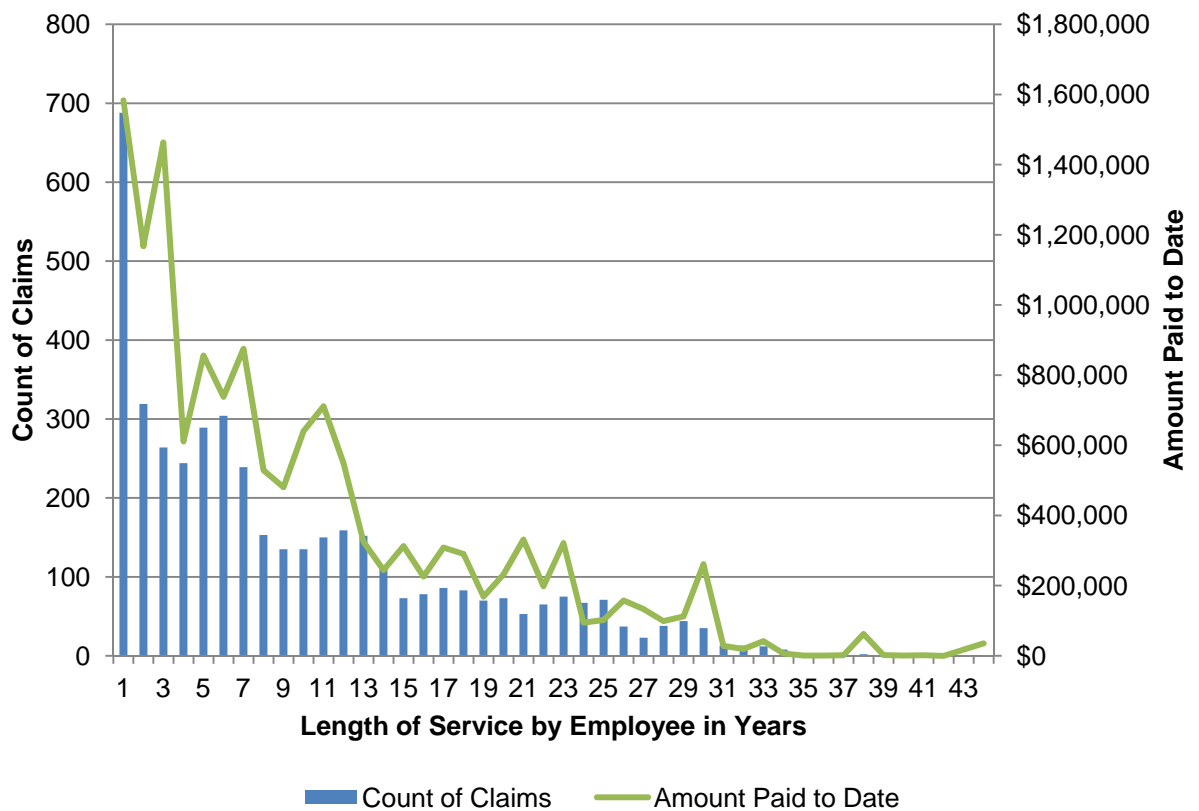
Department	Number of Claims	Percent	Claims Per 100 Average Annual Full-Time Employees
Police Department	1,109	25%	12.4
Department of Public Works	979	22%	36.9
Department of Watershed Management	894	20%	16.9
Fire Rescue Department	697	16%	17.3
Department of Parks, Recreation and Cultural Affairs	212	5%	17.4
Department of Corrections	177	4%	15.7
Department of Aviation	118	3%	5.7
Executive Offices	105	2%	17.3
Department of Planning and Community Development	19	0%	3.2
Department of Finance	15	0%	2.6
Department of Human Resources	13	0%	3.0
City Council	12	0%	10.0
Judicial Agencies	11	0%	1.9
Department of Law	6	0%	2.2
Department of Information Technology	5	0%	1.5
Department of Procurement	2	0%	1.5
Non-Departmental	2	0%	
Total	4,376		

Source: Carl Warren & Company claims database, July 2009 through March 2013

Injuries occurred most frequently during the first year of employment. The highest number of claims was filed by employees in their first year of employment. Exhibit 5 shows the number of claims filed grouped by how long the claimant had worked for the city at the time of injury. It also shows the medical, wage replacement, and legal costs associated with these claims through March 2013. Employees in their first year of employment filed nearly 700 workers' compensation claims over the period reviewed, accounting for 16% of the total claims filed. These claims cost \$1.6 million through March 2013, excluding city disability leave and administrative fees.

The high frequency of claims during the early years of employment indicates a need for employee training and supervision. According to risk management staff, it also indicates the need for more comprehensive pre-employment screening to ensure that employees are physically able to perform job duties without injury. Departments should also evaluate employees' physical ability to perform job duties during the probationary period and work with the Department of Human Resources to periodically update job descriptions and safety guidelines for positions.

Exhibit 5 Number of Claims by Length of Service and Amounts Paid, July 2009 through March 2013



Source: Carl Warren & Company claims database, July 2009 through March 2013

The number of repeat claimants was high. About 57% of claims were filed by employees who filed more than one claim during the 45 months we reviewed; 2,498 of 4,376 claims filed from fiscal year 2010 through March 2013 were filed by employees who filed more than one claim (see Exhibit 6). The number of employees filing multiple claims was 927, which represented 33% of all claimants. Repeat claimants filed on average 2.7 claims; the maximum was 11. The Department of Public Works had the highest number of repeat claims.

The city paid about \$7 million in medical, wage replacement, and legal expenses for these repeat claims through March 2013, which does not include payments of fees to the third party administrator or city disability leave. The functional areas with high repeat claims include uniform patrol, fire fighting, wastewater collection, and solid waste collection.

These patterns in claims data suggest the city has opportunities to reduce the number of claims and workers' compensation costs through targeted supervision and training.

Exhibit 6 Repeat Claims by Department - July 2009 through March 2013

Department	Number of Claims Filed by Multiple Claim Employees	Percent of Total Claims Filed by Department
Department of Public Works	720	74%
Department of Watershed Management	574	64%
Department of Police Services	521	47%
Department of Fire Services	347	50%
Department of Parks, Recreation and Cultural Affairs	116	55%
Department of Corrections	98	55%
Executive Offices	52	50%
Department of Aviation	51	43%
Department of Finance	4	27%
City Council	3	25%
Department of Planning and Community Development	3	16%
Judicial Agencies	3	27%
Department of Human Resources	2	15%
Department of Procurement	2	100%
Department of Information Technology	2	40%
Total	2,498	

Source: Carl Warren & Company claims database, July 2009 through March 2013

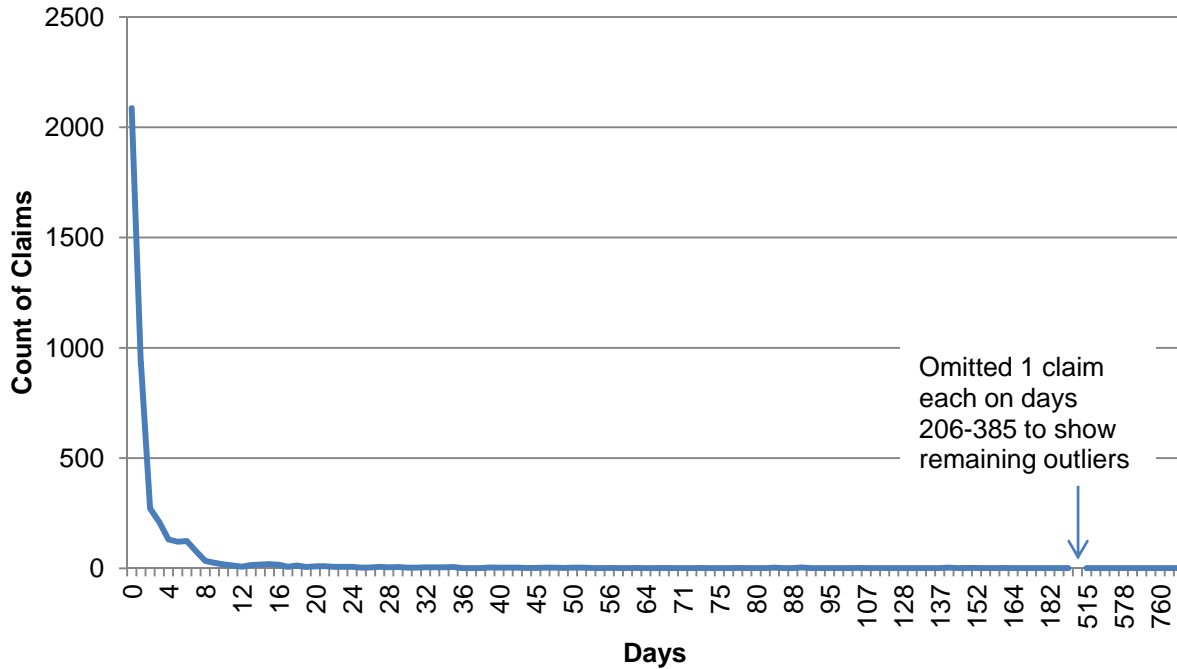
Patterns in types of injury also suggest that additional training, supervision, or protective equipment could help to reduce claims. About 20% of compensable claims were for strains incurred by lifting, twisting, jumping, or using equipment. About 22% of the repeat claims were for strains to the lower back or shoulder, bruised knees or multiple body parts, sprained ankles, and foreign bodies in the eye. The most frequent injuries to new employees were ankle sprains, shoulder and back strains, knee sprains, bruises, and foreign bodies in the eye.

The city pays claims reported after 30 days. Although most workers' compensation claims were reported within one day of the injury, 4% of workers' compensation claims were reported more than 30 days from the injury date. State law requires an employee who sustains a work-related injury to report the incident to his or her supervisor immediately, or as soon as possible, but no later than 30 days, or risk losing benefits.¹² Supervisors or department heads are required to file the required state forms to report the incident.

Overall, departments reported 70% (3,015) of employees' claims within one day of the illness or injury, as shown in Exhibit 7. Departments reported about 25% of claims more than two days after the injury and 4% more than 30 days after the injury occurred. In the most extreme case, the claim was reported 1,015 days after the injury date. The claim was denied in this instance, but another claim reported 773 days after the injury was accepted. Delays in either the employee or supervisor reporting the injury could hinder efforts to ensure that the claim is compensable, including ensuring that employees undergo a drug test following a work-related accident.

¹² O.C.G.A. § 34-9-80

Exhibit 7 Number of Days to Report Injury, July 2009 through March 2013



Source: Carl Warren & Company claims database, July 2009 through March 2013

Overall, about 9% of the 4,376 claims were denied. The percentage of claims denied that were reported after 30 days was higher, but most claims were accepted regardless of when they were reported (see Exhibit 8). The acceptance rate of claims reported after 30 days suggests that supervisors were aware of the incidents.

Exhibit 8 Claim Acceptance or Denial Based on Time to Report- July 2009 through March 2013

Claim Decision	Percent Reported Within 30 Days	Percent Reported After 30 Days
Compensability Accepted	89%	59%
Compensability Partially Accepted	3%	3%
Compensability Denied - No Benefits	7%	37%
No Decision Rendered	1%	0%
Blank	0%	1%
Total	100%	100%

Source: Carl Warren & Company claims database, July 2009 through March 2013

Disability Leave Increases the City's Costs

The city provides more generous benefits than state law requires for work-related injuries. City code provides for disability leave at full pay in lieu of workers' compensation wage replacement, which is capped at a maximum of two-thirds of the employee's average wage. Although 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. Departments described different practices in assigning employees to modified duty positions.

The city granted 56,398 hours of disability leave to 263 employees in fiscal years 2011 and 2012, with the highest number of hours in the police and public works departments. About 20% of the instances of disability leave appeared not to meet the criteria established in city code; it is not always clear from the timing of the disability leave payments that the leave is related to a specific claim. In most of these cases the department filed the report more than 48 hours after the injury occurred. In six instances, we found no record that the employee had filed a related compensable workers' compensation claim, also required.

City disability leave provides full-salary benefits. State law requires the city to provide workers' compensation benefits, but makes no provision for full salary benefits. City code allows covered employees to receive disability leave at full pay for up to six months in lieu of workers' compensation wage replacement benefits. After six months, the injured employee may use accrued sick and annual leave if he or she remains physically unable to work, or may choose to receive workers' compensation wage replacement benefits. Unlike annual or sick leave, disability leave is not accrued. The city granted 56,398 hours of disability leave in fiscal years 2011 and 2012. The Police Department and Department of Public Works accounted for the majority of the disability leave (see Exhibit 9).

Exhibit 9 Disability Leave Hours by Department, Fiscal Years 2011 and 2012

Department	Total Number of Injury on the Job Hours
Police	20,419
Public Works	15,841
Fire	10,347
Watershed	6,167
Parks	1,292
Corrections	924
OEAM	536
Planning and Community Development	384
Procurement	264
Aviation	144
Judicial Agencies	80
Total	56,398

Source: Kronos fiscal years 2011 and 2012

The city paid disability full salary benefits to 263 employees in fiscal years 2011 and 2012. About 39% of employees receiving disability leave received leave for at least 160 work hours, equivalent to a month or more. About 22% of employees receiving disability leave received leave for at least 320 work hours, equivalent to 2 months or more. Fifteen employees received disability leave for more than one incident in fiscal years 2011 and 2012. Exhibit 10 shows the number of employees who received disability leave in fiscal years 2011 and 2012.

Exhibit 10 Disability Leave Hours Granted, Fiscal Years 2011 and 2012

Fiscal Year	Number of Employees Receiving Disability Leave	Total Hours Granted	Average Hours Per Employee	Minimum Hours for an Employee	Maximum Hours for an Employee
2011	135	23,789	174	4	1,004
2012	156	32,609	208	3	1,260

Source: Kronos fiscal years 2011 and 2012

Departments described different practices in assigning employees to modified duty positions and in providing disability leave. Although the four departments with the highest numbers of employees receiving disability leave benefits (police, fire, public works and watershed management) told us they offered disability leave benefits to all eligible employees, they varied in their ability to provide modified duty positions:

- Public works staff told us that until recently, the department offered no modified duty positions to any of its injured employees. In January 2013, public works began working with the department of human resources and risk management staff to develop modified duty positions within the department.
- Fire department staff said that it has a sufficient number of modified duty positions to accommodate its injured employees who are cleared to work with restrictions, and always make those positions available to them.
- Police department staff told us the department has modified positions available and will place injured employees if the position satisfies the work restrictions.
- Watershed management staff said the department has a limited number of modified positions available in the department; risk management staff told us they have helped to place watershed management employees in modified duty positions in other departments.

Information on release to return to work information was often missing in the workers' compensation database. The release to return to work date and return to light duty date fields were blank for 2,917 of 4,122 closed records in the database. We were therefore unable to assess how often employees were cleared by the physician to work a modified duty position but no position was made available. We recommend that the Office of Enterprise Risk Management ensure that the third party administrator record release to return to work and release to modified duty dates in the database.

We also recommend that the commissioner of human resources 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.

About 21% of the instances of disability leave appeared not to meet the criteria established in city code. Although their injuries were reported after 48 hours, 54 employees received disability leave payments. One condition for disability leave is that the finance department receives the employee's injury report within 48 hours. The code states that an employee's department head must file a report of injury and send the form to the finance department. We found no related report of injury in the workers' compensation database for six of the employees who received disability leave in fiscal years 2011 and 2012.

City's Focus is Claims Administration Rather Than Risk Management

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 has yet to finalize its policies and procedures manual and has not submitted annual reports to the mayor and City Council. The office receives a monthly loss report from the third party administrator but has not used the report to manage risk. City code requires the risk manager to develop procedures for risk management reviews, prepare and maintain a risk management policies and procedures manual, develop and maintain procedures for measuring the frequency and severity rate of losses, and prepare an annual risk management report to the mayor and City Council.

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. The workers' compensation claims database maintained by the third party administrator is incomplete – it does not contain all release to return to work dates and light duty assignment information.

We recommend that the Office of Enterprise Risk Management finalize the city's workers' compensation policies and procedures manual. We also recommend that the office develop a mechanism to enforce contract provisions, conduct reviews of the third party administrator's claims management, and ensure that the information in the claims database is complete and accurate. The Office of Enterprise Risk Management should 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 allow them to develop, assess, monitor and mitigate risk on a citywide basis.

City Code Requirements are Unmet and Processes Vary

The Office of Enterprise Risk Management is not fulfilling the risk management code provisions, and the lack of risk management's adherence to the code city department processes vary. The city code states that risk management is responsible for overseeing and implementing policies and procedures that promote a safe work place. Risk management has yet to finalize policies and procedures to manage

the city's workers' compensation program. During new employee orientation, risk management informs employees of the procedures for reporting workers' compensation claims and expected benefits, but does not address safety practices.

City code requires the risk manager to measure the city's losses. City code section 2-378 states that the Office of Enterprise Risk Management is responsible for evaluating, identifying and analyzing potential risk exposures of the city and for recommending the most appropriate combination of risk control and financing techniques. . City code section 2-1745 states that the risk manager must develop and maintain procedures for conducting risk management reviews to analyze incurred losses, as well as develop and implement procedures for measuring the frequency and severity rate of losses on a citywide and department basis. Additionally, section 2-1749 requires the risk manager to prepare an annual risk management report to the office of the mayor and city council. That report should summarize the major activities of the risk management programs.

Risk management oversees the city's claims, but staff has yet to develop procedures for conducting risk management reviews or for analyzing incurred losses associated with the workers' compensation program. Risk management staff told us that they review workers' compensation expenses on a weekly basis to verify the appropriateness of expenditures. Staff also communicates with the third party administrator regarding the status of claims and answers the questions and concerns of employees. Risk management staff said they provide data on the number of claims and associated expenses to departments annually for budget purposes, but the staff does not compile or report information to departments for the purpose of mitigating risk. The staff also has yet to compile an annual report for the mayor or city council describing workers' compensation losses. In the absence of risk management conducting reviews and analysis of workers' compensation claims, the number of claims has remained high.

City departments report and investigate workers' compensation claims inconsistently. Risk management staff has yet to finalize policies and procedures for handling workers' compensation claims. Although employees are provided instruction for reporting injuries during new employee orientation, individual departments report and investigate workers' compensation claims in different ways. Employees are instructed to:

- report injuries to a supervisor and complete the required forms including: the incident report, the treatment authorization form, and seek treatment from a panel physician
- return all paperwork to a supervisor
- wait for a telephone call from the third party administrator

However, the city does not have a policy governing departments' actions after the injury is reported. For example, a department supervisor may turn the required paperwork into the Office of Enterprise Risk Management or the supervisor may submit the forms directly to the third party administrator. Inconsistent reporting practices could lead to claims being filed untimely. Risk management staff told us that a city safety officer or a human resources employee may conduct an investigation of the incident, but investigations are elective and the performance of an investigation depends upon the accident. The human resources commissioner stated that every department does not have a safety officer. Further, according to risk management staff, the third party administrator determination of compensability is not delayed for lack of a completed safety officer report. Because departments handle investigations differently depending on the nature of the accident and the availability of a safety officer, departments do not complete safety reports after every incident. Without an investigation conducted at the city, the claim compensability determination rests entirely with the third party administrator and the city lacks information to analyze and track the causes of incidents and implement future workplace policies.

Although city code section 114-571 authorizes drug testing for city employees involved in accidents, there is no citywide policy to ensure that drug testing following accidents is done consistently among all departments. Consistent testing is important in order to establish whether workers' compensation benefits should be approved or denied. Under state law, an employer can deny a claim for willful misconduct, which includes the use of drugs and alcohol while on the job.¹³ If the city does not consistently test every employee soon after the accident occurs, it may not be able to determine if the employee's injury resulted from willful misconduct, and the city could be paying claims that should be denied.

We recommend that the Office of Enterprise Risk Management finalize the city's workers' compensation policies and procedures manual. The manual should establish standard procedures for departments to follow in investigating and documenting work-related accidents. The procedures should require employees and supervisors to report injuries

¹³ O.C.G.A. § 34-9-17

promptly and should require drug testing of all employees involved in workplace accidents.

The Office of Enterprise Risk Management Does Not Use Claims Data to Manage Risk

Although risk management receives workers' compensation claims and loss data monthly from the third party administrator and has access to all of the claims information contained in the third party administrator's database, staff acknowledges that they have not used the information to manage risk.

According to the city's latest request for proposals for third party administrators, one of the city's goals is to reduce the city's work-related injury costs. The current third party administrator's proposal response described its ability to help reduce the overall costs and number of claims filed at the city. The third party administrator uses subcontractors who provide medical and health-related cost containment services. The systems provided by the subcontractors allow the city to benchmark its performance against similar cities and to perform predictive analysis to create preventative health programs and budget funds.

We have not seen a reduction in the number of incidents although the information that the city would need to mitigate risk is available in the reports provided by the third party administrator. The third party administrator's report package states that the monthly report is designed to give the city "improved access and analysis methods" for risk data. The report is provided in excel as well as pdf format. The monthly report package includes:

- a monthly composite including the claimant's identifying information, the nature of the injury, the body part injured, the loss date, the report date, the received date, the location of the accident, the time of day, the claimants weekly wage, the claim benefits paid to date, and the claim status
- a summary by department of all claims for each fiscal year
- all payments for the current month of the report
- a comparative analysis of the number of claims and the total cost for the claims for the last three years for each department by the accident description, the nature of the injury, the body area affected, length of service, time of day, source of the injury, age of claimant, injury code description, day of the week, month of the year
- a claim frequency and severity report for each department

- an injury reporting lag time summary
- hospital payments savings
- medical payment savings
- repeat claims

Risk management staff told us that they should be meeting with departments at least quarterly to discuss the number of injuries sustained, costs paid, and the length of time that employees receive wage-replacement payments. Risk management staff should disseminate this information to city departments, human resources, and city council in order to facilitate risk mitigation efforts citywide.

The City Should Strengthen Oversight of the Third Party Administrator and Seek Contract Revisions

The Office of Enterprise Risk Management told us it uses a scorecard to periodically review the performance of the third party administrator; however, the office has completed no scorecard reviews during the current contract period and could not provide us with copies of past reviews.

While the scorecard review could be helpful for assessing claims management, it does not measure the third party administrator's compliance with the contract's scope of services. The city has not ensured that the third party administrator has included all claims data in the city's claims database.

Risk management has not reviewed the third party administrator performance during the current contract period. The Office of Enterprise Risk Management told us it uses a scorecard adopted from the third party administrator, included in Appendix B, to evaluate claim management performance by assessing: how claim managers supervise the claim adjusters, how adjusters investigate claims, if reserves were accounted for, whether effective and timely communication was provided to the employee about medical providers, how vendors were assigned and billed for the claim, if the claim file contains all of the required documentation, and if claim payments were appropriate. The scorecard reviews assess how the third party administrator executes claim management responsibilities on a case by case basis; however, the city has not reviewed the third party administrator since 2011. The Office of Enterprise Risk Management told us it pulls a sample of claims that are older than six months or claims with cost of at least \$150,000. Neither the contract nor city policy defines how often the scorecard reviews should be conducted. Neither risk management nor the third

party administrator has a copy of the reviews previously performed and the office has not set a date for conducting a future review.

Although the scorecard review could be helpful for managing claims, it does not measure the third party administrator's compliance with the contract's scope of services. The scorecards are not specified in the contract, and the contract lacks specific performance measures to assess the third party administrator's performance against the scope of services. Under the contract, the third party administrator must provide the city access to its personnel and facilities to verify charges, examine the third party administrator's performance of services, and monitor compliance with the contract.

Because the city's use of a third party does not diminish its responsibility for administering the workers' compensation program, and because the city is ultimately responsible for the administration of the workers' compensation program, the city should ensure that the third party administrator is complying with the contract. The contract should outline the duties, obligations, and responsibilities of the third party administrator with enough detail for the city to ensure accountability and the city should exercise continual oversight of the third party administrator.

We identified missing dates and discrepancies in the client database. We found that 79% of the claims we reviewed had no release to return to work date and 87% had no return to light duty date recorded in the database. In the response to the scope of services, the third party administrator stated that all claim files would include return to work verification. Further, the Office of Enterprise Risk Management told us that it is the third party administrator adjuster's responsibility to document all release to return to work dates, but the office is not ensuring that the third party administrator enters all information into the client database. The missing dates are the result of either the third party administrator not entering the data into the database or the information not being collected and included in the file. Despite the cause of the missing data, the city must ensure that the third party administrator has this information and that it is included in the claims database, the city's application for accessing claim loss data. The implications for not having the proper forms documented include: employees returning to work without being cleared to work, employee's job restrictions not being communicated and adhered to, and penalties against the city if the proper State Board of Workers' Compensation documentation is not submitted.

The contract requires no ongoing assurance that the third party administrator's controls are effective. The third party administrator submitted a copy of its independent assessment of management controls as a service organization with its response to the city's RFP beginning a three-year contract term. The assessment was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants for the period of October 1, 2010, through September 30, 2011. The auditors provided the highest level of assurance finding sufficient evidence to issue an opinion on the fairness of the description and suitability of Carl Warren's design and operating effectiveness to achieve their control objectives. The contract did not specify whether another certification must be submitted prior to the contract's three year term expiring. Although the city does not require the third party administrator to submit the independent assessment at a specified frequency, industry professionals suggest that the third party administrator submit the report annually.

When the city's current contract with the third party administrator expires, we recommend that in order to increase oversight of its contractor, the city should include the following provisions in the next contract:

- A detailed scope of services and develop specific performance measures to evaluate the third party administrator's compliance with its contract.
- A requirement for the third party administrator to submit annual assurance that management controls are in place, to comply with attestation standards.

In the meantime, we recommend that the city conduct periodic reviews to ensure compliance with claims administration guidelines, and ensure that the information contained in the third party administrator's claims database is complete and accurate.

Recommendations

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

1. Finalize the city's workers' compensation policies and procedures manual and distribute citywide, in compliance with city code. The procedures should include:
 - a requirement for employees and supervisors to report injuries promptly
 - standard guidelines for departments to document and investigate workplace injuries
 - mandatory drug testing of all employees involved in workplace accidents as required in city code
2. Increase oversight of the current third party administrator by:
 - conducting periodic reviews to ensure compliance with claims administration guidelines
 - ensuring that the information contained in the claims database is complete and accurate
3. 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 allow them to develop assess, monitor and mitigate risk on a citywide basis.
4. Increase oversight of the third party administrator when the current contract expires by including in the next contract:
 - a detailed scope of services and develop specific performance measures to evaluate the third party administrator's compliance with its contract
 - a requirement for the third party administrator to submit annual assurance that management controls are in place, to comply with attestation standards

To help employees transition back to work, ensure that the city receives a benefit for paying full salaries, and reduce the number of injuries, the commissioner of human resources should:

5. 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.
6. 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 help reduce the number of injuries, the city's executive director of safety should:

7. 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.

Appendices

Appendix A
Management Responses to Audit Recommendations

Report # 13.02	Report Title: Workers' Compensation	Date: 08/23/13
Recommendation Responses - Chief Financial Officer		
Rec. #1	<p>The chief financial officer should finalize the city's workers' compensation policies and procedures manual and distribute citywide, in compliance with city code. The procedures should include:</p> <ul style="list-style-type: none"> • a requirement for employees and supervisors to report injuries promptly • standard guidelines for departments to document and investigate workplace injuries • mandatory drug testing of all employees involved in workplace accidents as required in city code 	Agree
<p><u>Proposed Action:</u> The Office of Enterprise Risk Management (ERM) has begun the development of a comprehensive workers' compensation policy and procedures document for distribution to all City organizations. It contains guidelines, time requirements and reporting templates that support consistent and accurate communication, status and resolution of worker's compensation claims and performance. All documentation will be reviewed by the City's Law organization for compliance with applicable codes.</p> <p><u>Implementation Timeframe:</u> End of 3rd Quarter Fiscal 2014</p> <p><u>Responsible Person:</u> Director of Enterprise Risk Management</p>		
Rec. #2	<p>The chief financial officer should increase oversight of the current third party administrator by:</p> <ul style="list-style-type: none"> • conducting periodic reviews to ensure compliance with claims administration guidelines • ensuring that the information contained in the claims database is complete and accurate 	Agree
<p><u>Proposed Action:</u> Although the ERM organization has traditionally met with the third party administrator on a monthly basis, this process will be formalized to include semi-annual data and financial reconciliations to confirm accuracy of information, resolve any data discrepancies and ensure compliance with contractual requirements and guidelines.</p> <p><u>Implementation Timeframe:</u> End of 2nd quarter Fiscal 2014</p> <p><u>Responsible Person:</u> Director of Enterprise Risk Management</p>		

Rec. #3	<p>The chief financial officer should 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 allow them to develop assess, monitor and mitigate risk on a citywide basis.</p>	Agree
<p><u>Proposed Action:</u></p> <p><u>Implementation Timeframe:</u></p> <p><u>Responsible Person:</u></p>	<p>The ERM organization will provide monthly claims and loss information to all applicable City organizations and City Council to support causal analysis and risk mitigation activities. The ERM organization will coordinate with the City's Safety organization to access the financial impact of specific claims as well as the impact of education, management over-site and training on long term costs.</p> <p>End of 2nd Quarter, Fiscal 2014</p> <p>Director of Enterprise Risk Management</p>	
Rec. #4	<p>The chief financial officer should increase oversight of the third party administrator when the current contract expires by including in the next contract:</p> <ul style="list-style-type: none"> • a detailed scope of services and develop specific performance measures to evaluate the third party administrator's compliance with its contract • a requirement for the third party administrator to submit annual assurance that management controls are in place, to comply with attestation standards 	Agree
<p><u>Proposed Action:</u></p> <p><u>Implementation Timeframe:</u></p> <p><u>Responsible Person:</u></p>	<p>The ERM organization is currently developing performance measures that support the on-going provision of third party claims administration services. These measures include but are not limited to: cost per claim, overhead costs, efficiency enhancements, etc. ERM will also seek (prior to the end of 2nd quarter, fiscal 2013) to have the TPA provide, on an annual basis, an SSAE 16 report attesting to the financial controls in place. Additionally, ERM will have the requirement to provide an annual SSAE 16 report included in future TPA contract language.</p> <p>End of 4th Quarter, Fiscal Year 2014.</p> <p>Director of Enterprise Risk Management</p>	

Report # 13.02

Report Title: Workers' Compensation

Date: 08/30/2013

Recommendation Responses – Commissioner of Human Resources

Rec. #5

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.

Agree

Proposed Action:

The Department of Human Resources will continue to work with our external provider to ensure that all pre-employment testing is thorough and appropriately employs the City's position description when determining if a candidate meets the physical requirement of employment.

Implementation Timeframe:

On-going

Responsible Person:

Louis Amis, Director of Benefits

Rec. #6

The commissioner of human resources should 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.

Agree

Proposed Action:

The Department of Human Resources in conjunction with the Law Department has developed a city-wide modified duty or light duty program to ensure consistency across departments and to facilitate the return of employees to the workplace.

Implementation Timeframe:

September 2013

Responsible Person:

Yvonne Cowser Yancy, Commissioner of Human Resources

Report # 13.02

Report Title: Workers' Compensation

Date: 9/20/13

Recommendation Response – Executive Director of Safety

Rec. #7

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.

Agree

Proposed Action:

The Executive Director of Safety will be assigned the responsibility for citywide coordination of training and development as component of the citywide occupational safety system. Training and development activities will be managed using a combination of both centralized and decentralized delivery strategies based on the requirements of specific job classes and titles. This will include a citywide training categorization system that will designate mandatory, desired and optional training based on the safety considerations of the work, needs of the departments, and the resources available to conduct the training.

Implementation Timeframe:

January, 2014

Responsible Person:

I. David Daniels, Executive Director of Safety