

MILWAUKEE COUNTY
Inter-Office Communication

DATE: June 1, 2016

TO: Supervisor Willie Johnson Jr., Chairman, Judiciary, Safety, and General Services Committee

FROM: Amy Pechacek, Director, Risk Management

SUBJECT: Risk Review: Five Year Analysis of County Claims and Liabilities (INFORMATIONAL ONLY)

BACKGROUND

The basic principles of risk management consist of identifying all organizational exposures, analyzing these risks, controlling liabilities through a risk mitigation plan, and continually monitoring the plan for effectiveness. This report and the associated presentation is a high-level review of the past five years of the County's claims and litigation history, classified by claim type and department that identifies and analyzes Milwaukee County's common risks. Several frequency and severity measures are displayed to demonstrate the financial impact of these claims, along with the corresponding liability reduction plans developed by Risk Management.

WORKERS' COMPENSATION

Workers' compensation claims are statutory wage and medical benefits for employees of Milwaukee County to compensate for injuries that occur in the course and scope of their employment. From 2010 - 2014, the five year County-wide loss experience resulted in an average of 612 claims per year with an associated incurred value of approximately \$4,000,000 annually. The loss leader departments during this timeframe are as expected given the nature of departmental functions, with Behavioral Health leading in the total number of claims filed and the Sheriff's Department leading in the highest expenses associated with their injury claims. The Parks, Airport, Department of Transportation, and House of Correction also make the list of departments with higher claim volume and expense. The top claim drivers throughout the County include the insurance industry code designation of "muscle strains" and "slip, trip, and fall" accidents, which combined represent 29% of all claim types filed and roughly 44% of the total expenses incurred.

Significant operational changes under new department leadership were implemented prior to the start of 2015. This included transitioning the model of claims handling from

self-administration to a third party administrator (TPA) in November of 2014. The TPA initiative introduced new resources for County employees such as the Milwaukee County Care Line, a twenty-four hour dedicated triage nurse to assist employees in seeking the appropriate level of medical attention for their injury, and transitional work options to encourage employee engagement during recovery periods resulting in better claim outcomes. Risk Management provided a substantial influx of County-wide OSHA training and addressed accountability to safety policies and procedures. Another priority was the revitalization of the County's Joint Safety Committee over the past two years, which shifted the focus from reactive injury management to proactive injury avoidance, and renewed the County's commitment to ensuring our employees are working safely.

The outcome of all these changes resulted in a large decrease of new claims filed in 2015, with a total of 266 claims compared to the previous five years which averaged 612 claims annually. This represents a 57% decrease in the number of new claims. With respect to the associated cost severity of the claims filed, 2015 total incurred costs are \$2.1 million, which is a 47% decrease in severity measures from the previous five year annual average of \$4 million.

GENERAL LIABILITY

General liability claims encompass all claims made by a third party against the County for damages resulting from our operations or our premises. Included in this general liability analysis are all employment practices and police liability claims. The most frequently filed general liability claims are related to property damage, such as pot-holes and missing property allegations occurring during jail intake, together which account for 41% of all the claims filed in this category over the past five years. The vast majority of these road condition and lost property claims result in no liability and no cost to the County. Personal injury claims are the second category of most frequently filed claims under general liability, and include all allegations related to employment practices.

During the years of 2011 through 2013, Milwaukee County averaged 148 general liability claims annually, with 2014 currently reflecting a total of 124 claims and 2015 with a total of 74 claims. The two most recent years of general liability data are still immature given the three year statute of limitations for filing state law cases, the up to six year statute on federal cases, and the 300 day filing deadline with the state Equal Rights Division and the federal Equal Employment Opportunities Commission on employment practices claims. The 2014 and 2015 numbers will likely adjust closer to the historical averages with the approaching expiration of the filing deadlines.

The costliest general liability claims over the past five years involve the claim cause codes of Family Medical Leave Act violation allegations, civil rights claims, and improper treatment rendered, which together account for 29% of the total incurred cost in the category. These risks should decrease going forward with the outsourcing of the Family Medical Leave Act administration and the implementation of a third party jail medical provider. Employment practices claims, such as race and sex discrimination, are also a significant cost driver in this category. Over the past year, Risk Management has

partnered with Human Resources and provided extensive training resources throughout the County to assist in increasing awareness of workplace best practices, reviewed snow plans and adverse weather mitigation plans to keep our premises clear, and will continue to review all relevant exposures with the departments to reduce third party operational risks.

AUTO LIABILITY

Milwaukee County currently has a fleet of 1,823 vehicles and related equipment, such as plows, mowers, and trailers. Milwaukee County self-insures first party physical auto damage. Accordingly, all numbers represented in the auto liability portion of the presentation solely represent third party claims related to our fleet operations.

The most common auto liability claims over the past five years comprise the category of "plowing, non-contact", which includes alleged damage to mailboxes or other private property resulting from snow being displaced off the roadways from County plows during snow events. The weight and volume of snowfall and the condition of the private property within close proximity to our roadways are not factors under the County's purview and this damage is not indicative of any negligence on behalf of our plow operators while engaging in their public duty to provide clear and safe roadways. As such, these claims rarely present any liability expenses to the County. Other auto liability causal factors include vehicle collisions and backing accidents occurring in the course of County operations.

Throughout the past five years, Milwaukee County averaged 46 auto liability claims annually. The year 2013 presented an uptick in claims compared to the historical experience, which is primarily attributed to the harsher than normal winter weather conditions. In 2014, claims decreased 22% compared to the historical average, and decreased 46% from the previous year. This data is also considered relatively premature as the statute of limitations for filing auto liability claims for occurrences in 2015 is still unexpired.

In the past year, Risk Management authored a new fleet and driving policy for the County, which includes re-establishing the County's Vehicle Accident Review Committee (VARC), a standing committee dedicated to examining all of the County's vehicle losses, performing a root cause analysis on accident trends, and recommending defensive driving and other policy reviews to ensure proper operations for the benefit of all employees and the public at large.

RECOMMENDATIONS

Risk Management has drilled down on specific exposure data at the departmental level, reviewed the data with the top claim filing departments, and authored individualized loss reduction plans based on the departments particular claims history and operations.

These plans contain performance measures and risk management goals along with tailored training to be followed up by quarterly claims meetings between the department and Risk Management. A focus on strategic partnerships and accountability through incentives, resource allocation, and training will continue to decrease liabilities and improve positive organizational behaviors to ensure the success of effective long-term loss control for Milwaukee County. Risk Management will continue annual presentations on the County's claims and liabilities with departments and elected officials to monitor progress and positive gains.



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