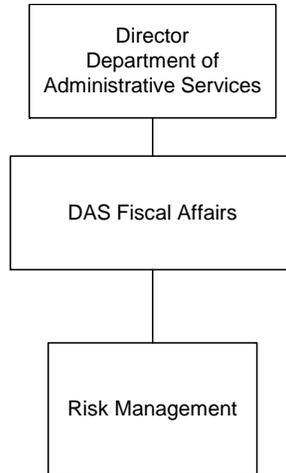


DAS-RISK MANAGEMENT (1150)



MISSION

Provide a comprehensive risk management program to minimize the County's property and casualty liabilities and to ensure the health and safety of employees, residents and guests utilizing County services and facilities.

Budget Summary

	2011	2010/2011 Change
Expenditures	8,124,119	624,537
Revenue	8,124,119	624,537
Levy	0	0
FTE's	5.1	0.1

Major Programmatic Changes

- Implementation of Federal secondary payer reporting requirement related to Medicare/Medicaid and self-insured Work Comp Program.
- Implementation of expanded light duty program for employees receiving Worker's Compensation.

OBJECTIVES

- Ensure County assets and liabilities are effectively protected through risk management and risk financing programs.
- Provide a safe and healthy environment for County workers and the general public.
- Investigate and process work related injury claims in an efficient manner while minimizing the related costs.
- Educate departments on loss experience and serve as a resource for implementing best practices in reduction, reporting and mitigation of losses.
- Increased communication to departments related to claim reporting, loss information and methods of loss control with emphasis on reducing Workers Compensation Claim exposure.
- Enhanced coordination of Occupational Health Program into overall loss control efforts.

COUNTY EXECUTIVE'S 2011 BUDGET

DEPT: DAS-Risk Management

UNIT NO. 1150
FUND: General - 0001

DEPARTMENTAL PROGRAM DESCRIPTION

Risk Management is divided into five sections; administration, loss control, self-insurance/deductibles, insurance purchases, and worker's compensation. The budgeted positions include: Director of Risk Management, Safety Coordinator, Administrative Claims Examiner, Claims Adjuster and Claims Technician.

The **Administration Section** supervises the professional staff, coordinates risk management activities between departments and submits reports. The Risk Manager reviews all professional services contracts to advise departments relative to potential liability to ensure that insurance requirements and opportunity for contractual transfer of risk are in place.

The **Loss Control Section** develops and coordinates occupational safety, health and loss control programs and procedures with County Departments. This includes serving as chair of the Joint Safety Committee and consulting on departmental safety issues including WI OSHA compliance and allocating training resources provided through the County's liability insurer. This section also coordinates the property insurance and boiler and machinery program including maintaining building and equipment inventory and property claim management.

The **Self-Insurance Section** is responsible for property, general and automobile liability claim reporting, loss analysis, claim data and financing of self-retained losses.

The **Insurance Policy and Services Section** is responsible for selection of brokers, requests for proposals, determination of appropriate deductibles, limits and insurance coverage, researching the market and negotiating with brokers and companies for insurance policies

The **Claims Management Section** is responsible for administering the Workers' Compensation claims of employees who sustain job-related injuries for medical-only and lost-time claims, and coordination of the return-to-work efforts. The section is responsible for submitting required State Work Comp reports, claim management recovering payments made from negligent third parties, coordinating return to work program with departments and developing and coordinating defense and settlement strategies for litigated claims with Corporation Counsel. In addition, a database is maintained for all Workers' Compensation claims.

2011 BUDGET

Approach and Priorities

- Promote safety and loss prevention to reduce accidents and injuries by serving as a resource for Departments.
- Maintain service levels and statutory compliance for Workers Compensation Claim processing.
- Effectively manage County's Occupational Health activities.
- Utilize a combination of self-insurance and commercial insurance programs to minimize adverse affects from unplanned events.
- Assist departments in expanding light duty programs.

Programmatic Impacts

- Risk Management will utilize claim information to identify departments or activities that could benefit from a targeted loss prevention initiative along with education relating to best practices in claims management. The largest single Risk Management expenditure relates to workplace injuries. Working with departments on items such as prompt claim reporting, return to work initiatives and ownership of the process will both keep employees safe and reduce the overall cost of our self insured program.
- Expand the County's light duty program through contracted services with the goal of reducing temporary disability payments, assisting employees in their reentry to the County workforce, and reducing expenses

COUNTY EXECUTIVE'S 2011 BUDGET

DEPT: DAS-Risk Management

UNIT NO. 1150
FUND: General - 0001

for overtime and temporary help. The contractor will assist the Risk Manager in finding light duty assignments on a case-by-case basis.

Budget Highlights¹

Wage and Benefit Modifications

\$0

This budget includes an expenditure reduction of \$20,547 based on the changes described in the non-departmental account for wage and benefit modifications (Org-1972). Crosscharges are reduced by an equivalent amount.

Direct Revenue

\$167

The budget for direct revenue includes the following:

- \$53,619 from the Milwaukee Public Museum insurance premiums,
- \$40,000 of projected dividends from Wisconsin County Mutual,
- \$4,000 from Airport Liability profit share and
- \$40,000 from workers compensation subrogation recoveries.

In 2011, direct revenue is used to reduce cross charges to departments.

Insurance Policy And Services

\$68,334

Insurance purchases increase \$68,334 from \$1,868,478 to \$1,936,812. Insurance market conditions remain largely stable and savings have been achieved from favorable insurance Request for Proposal results. The 2011 increase is due to an anticipated 5% increase in our property policy rate coupled with the addition of the 440th Airforce base at GMIA. This expense is fully charged out to County departments. Direct revenue reduces this cross charge by \$57,619.

Claims Management (Workers' Compensation)

\$70,000

Workers' Compensation self-insurance expenditures increase \$70,000 from \$3,532,247 to \$3,602,247 (excluding appropriations relating to the Contribution from Reserves, see below). The frequency of claims has decreased but the severity, driven primarily by medical costs and permanent partial disability awards, has increased. This expense is fully charged out to County departments based on loss experience and payroll. Direct revenue reduces this cross charge by \$40,000.

Occupational Health Services (Loss Control)

(\$10,000)

Occupational Health Services expenditures decrease \$10,000 from \$225,000 to \$215,000. Occupational Health Services provides for the safety and health of employees in the workplace and was transitioned from the Department of Health and Human Services to Risk Management in 2010. Occupational Health services relate directly to compliance and safety and involve activities such as bloodborne pathogen prevention, exposure testing and vaccination, respirator fit testing, pre-employment exams and hearing conservation. The role of the County Safety Coordinator has been expanded to encompass the management of this program and efforts. This expense is fully charged out to County department based on use of services.

Light Duty Program – Contracted Services

\$30,000

An appropriation of \$30,000 is recommended to expand the County's Light Duty program. This initiative involves procuring contracted services to assist the DAS – Risk Management with case management of light duty assignments. The Contractor will work directly with Risk Management and departments to place workers who are medically able to perform light duty in appropriate assignments.

¹ For purposes of presentation, a change in levy is identified for each budget highlight, however Risk Management's actual levy is \$0 because its net expense is crosscharged to user departments.

COUNTY EXECUTIVE'S 2011 BUDGET

DEPT: DAS-Risk Management

UNIT NO. 1150
FUND: General - 0001

Contribution from Reserves/Worker's Compensation Expense

\$0

The 2011 Recommended Budget includes a Contribution from the Risk Management Reserve of \$500,000 which funds additional appropriations for worker's compensation claims. Since 2007, Risk Management has requested a fund transfer in mid-year to cover additional worker's compensation expenses. The Contribution from Reserves will allow Risk Management to postpone the fund transfer from Contingency until November or December when a more accurate projection of year-end expense can be made. At year-end close, the Controller will review actual Worker's Comp expenses, any available fund balance, the actuarial report for the Reserve, and return all or a portion of the budgeted contribution back to the Reserve.

Purchase of Software

\$19,800

New Federal regulations require that the County comply with Medicaid reporting standards for Worker's Compensation payments. In order to comply with this mandate, an additional expense of \$19,800 is budgeted to fund the purchase of computer software.

Activity and Statistical Summary

Insurance Premiums and Self Insurance

	2009 Actual	2010 Budget	2011 Budget
Retained Losses (self insured/deductible)	\$927,500	\$917,480	\$917,480
Insurance Premiums	\$1,865,483	\$1,810,133	\$1,879,193

Workers Compensation

	2009 Actual	2010 Budget	2011 Budget
Workers Comp Claims Processed	558	590	580
Dollar Amount of Work Comp Claims Processed	\$3,849,758	\$3,532,247	\$3,602,247

Property Claims

	2009 Actual	2010 Estimate	2011 Estimate
Property Claims Processed	240	110	120
Insurance Recoveries	\$2,141,410	\$1,100,000	\$1,000,000

Contract Review

	2009 Actual	2010 Estimate	2011 Estimate
Relative to Insurance Requirements*	275	372	350

*Does not include language for RFP's

COUNTY EXECUTIVE'S 2011 BUDGET

DEPT: DAS-Risk Management

UNIT NO. 1150
FUND: General - 0001

BUDGET SUMMARY				
Account Summary	2009 Actual	2010 Budget	2011 Budget	2010/2011 Change
Personal Services (w/o EFB)	\$ 344,372	\$ 326,267	\$ 353,967	\$ 27,700
Employee Fringe Benefits (EFB)	291,350	323,642	300,340	(23,302)
Services	49,931	92,986	128,684	35,698
Commodities	1,608	8,410	7,900	(510)
Other Charges	6,490,453	6,557,225	7,195,559	638,334
Debt & Depreciation	987	19,919	1,000	(18,919)
Capital Outlay	0	0	0	0
Capital Contra	0	0	0	0
County Service Charges	135,042	171,133	136,669	(34,464)
Abatements	0	0	0	0
Total Expenditures	\$ 7,313,743	\$ 7,499,582	\$ 8,124,119	\$ 624,537
Direct Revenue	136,986	138,345	638,178	499,833
State & Federal Revenue	0	0	0	0
Indirect Revenue	7,179,284	7,361,237	7,485,941	124,704
Total Revenue	\$ 7,316,270	\$ 7,499,582	\$ 8,124,119	\$ 624,537
Direct Total Tax Levy	(2,527)	0	0	0

PERSONNEL SUMMARY				
	2009 Actual	2010 Budget	2011 Budget	2010/2011 Change
Position Equivalent (Funded)*	5.0	5.0	5.1	0.1
% of Gross Wages Funded	100.0	100.0	100.0	0.0
Overtime (Dollars)	\$ 22	\$ 0	\$ 0	\$ 0
Overtime (Equivalent to Position)	0.0	0.0	0.0	0.0

* For 2009 Actuals, the Position Equivalent is the budgeted amount.

PERSONNEL CHANGES						
Job Title/Classification	Title Code	Action	# of Positions	Total FTE	Division	Cost of Positions (Salary Only)
None						
					TOTAL	\$ 0

All departments are required to operate within their expenditure appropriations and their overall budgets. Pursuant to Section 59.60(12), Wisconsin Statutes, "No payment may be authorized or made and no obligation incurred against the county unless the county has sufficient appropriations for payment. No payment may be made or obligation incurred against an appropriation unless the director first certifies that a sufficient unencumbered balance is or will be available in the appropriation to make the payment or to meet the obligation when it becomes due and payable. An obligation incurred and an authorization of payment in violation of this subsection is void. A county officer who knowingly violates this subsection is jointly and severally liable to the county for the full amount paid. A county employee who knowingly violates this subsection may be removed for cause."