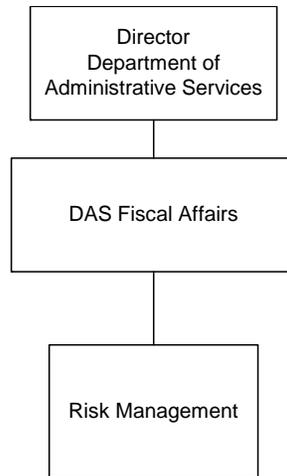


DAS-RISK MANAGEMENT (1150)



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 | | |
|---|-----------|---------------------|
| | 2012 | 2011/2012 Change |
| Expenditures | 8,199,237 | 60,442 |
| Revenue | 8,199,237 | 60,442 |
| Levy | 0 | 0 |
| FTE's | 5.0 | (0.1) |
| <p>Major Programmatic Changes</p> <ul style="list-style-type: none"> Continued implementation of Federal secondary payer reporting requirement related to Medicare/Medicaid and self-insured Work Comp Program. Continued 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.

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.

2012 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 and injury prevention 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.
- Continue to 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 for overtime and temporary help. The contractor will assist the Risk Manager in finding light duty assignments on a case-by-case basis.

ADOPTED 2012 BUDGET

DEPT: DAS-Risk Management

UNIT NO. 1150
FUND: Internal Service - 0040

Budget Highlights

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

Elimination of Step Increases for 2012 for Employees in Certain Pay Grades **\$0**

This budget includes an expenditure reduction of \$0 based on the elimination of step increases for 2012, as provided for in Chapter 17 of the Milwaukee County General Ordinances, for employees in certain pay grades. Although the expenditure reduction is \$0, there are Risk Management positions that will be subject to the 2012 step elimination increase. (See Appendix B for pay grades affected.)

Direct Revenue **(\$5,090)**

The budget for direct revenue includes the following: 1.) \$53,088 from the Milwaukee Public Museum insurance premiums; 2.) \$40,000 of projected dividends from Wisconsin County Mutual; 3.) \$40,000 from Workers Compensation subrogation recoveries.

In 2012, direct revenue is used to reduce cross charges to departments.

Insurance Policy and Services **\$11,874**

Insurance purchases increase \$11,874 from \$1,936,812 to \$1,948,686. Insurance market conditions remain largely stable and savings have been achieved from favorable insurance Request for Proposal results. The 2012 increase is due to an anticipated 3 percent 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 \$53,088.

Claims Management (Workers' Compensation) **\$61,298**

Workers' Compensation self-insurance expenditures increase \$61,298 from \$3,602,247 to \$3,663,545 (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.

Contribution from Reserves/Worker's Compensation Expense **\$0**

The 2012 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.

Enhanced Light Duty and Injury Prevention Program – Contracted Services **\$10,220**

An appropriation of \$10,220 is provided for Light Duty Return to Work and Injury Prevention Program Services to assist DAS – Risk Management with case management of light duty assignments and with injury prevention. The Contractor will work directly with Risk Management and departments to place workers who are medically able to perform light duty in appropriate assignments, and to implement appropriate injury prevention techniques.

ADOPTED 2012 BUDGET

DEPT: DAS-Risk Management

UNIT NO. 1150
FUND: Internal Service - 0040

Activity and Statistical Summary

Insurance Premiums and Self Insurance

| | 2010 Actual | 2011 Budget | 2012 Budget |
|---|-------------|-------------|-------------|
| Retained Losses (self insured/deductible) | \$761,799 | \$917,583 | \$917,500 |
| Insurance Premiums | \$1,431,240 | \$1,878,717 | \$1,895,598 |

Workers Compensation

| | 2010 Actual | 2011 Budget | 2012 Budget |
|---|-------------|-------------|-------------|
| Workers Comp Claims Processed | 566 | 580 | 570 |
| Dollar Amount of Work Comp Claims Processed | \$3,947,218 | \$3,802,247 | \$3,863,545 |

Property Claims

| | 2010 Actual | 2011 Estimate | 2012 Estimate |
|---------------------------|-------------|---------------|---------------|
| Property Claims Processed | 63 | 85 | 100 |
| Insurance Recoveries | \$2,869,509 | \$1,500,000 | \$1,000,000 |

Contract Review

| | 2010 Actual | 2011 Estimate | 2012 Estimate |
|-------------------------------------|-------------|---------------|---------------|
| Relative to Insurance Requirements* | 328 | 375 | 350 |

*Does not include language for RFP's

| BUDGET SUMMARY | | | | |
|--------------------------------|---------------------|---------------------|---------------------|-------------------------|
| Account Summary | 2010 Actual | 2011 Budget | 2012 Budget | 2011/2012 Change |
| Personal Services (w/o EFB) | \$ 319,682 | \$ 355,685 | \$ 361,387 | \$ 5,702 |
| Employee Fringe Benefits (EFB) | 346,803 | 313,298 | 276,774 | (36,524) |
| Services | 49,836 | 128,454 | 141,502 | 13,048 |
| Commodities | 1,923 | 7,900 | 7,900 | 0 |
| Other Charges | 7,243,695 | 7,195,559 | 7,268,731 | 73,172 |
| Debt & Depreciation | 982 | 1,000 | 1,117 | 117 |
| Capital Outlay | 0 | 0 | 0 | 0 |
| Capital Contra | 0 | 0 | 0 | 0 |
| County Service Charges | 170,811 | 136,899 | 141,826 | 4,927 |
| Abatements | 0 | 0 | 0 | 0 |
| Total Expenditures | \$ 8,133,732 | \$ 8,138,795 | \$ 8,199,237 | \$ 60,442 |
| Direct Revenue | 345,855 | 638,178 | 633,088 | (5,090) |
| State & Federal Revenue | 0 | 0 | 0 | 0 |
| Indirect Revenue | 7,001,208 | 7,500,617 | 7,566,149 | 65,532 |
| Total Revenue | \$ 7,347,063 | \$ 8,138,795 | \$ 8,199,237 | \$ 60,442 |
| Direct Total Tax Levy | 786,669 | 0 | 0 | 0 |

ADOPTED 2012 BUDGET

DEPT: DAS-Risk Management

UNIT NO. 1150

FUND: Internal Service - 0040

| PERSONNEL SUMMARY | | | | |
|--|--------------------|--------------------|--------------------|-------------------------|
| | 2010 Actual | 2011 Budget | 2012 Budget | 2011/2012 Change |
| Position Equivalent (Funded)* | 5.0 | 5.1 | 5.0 | (0.1) |
| % of Gross Wages Funded | 100.0 | 100.0 | 100.0 | 0.0 |
| Overtime (Dollars) | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Overtime (Equivalent to Position) | 0.0 | 0.0 | 0.0 | 0.0 |

* For 2010 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."