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CHIEFS OFFICE

Internal Audit Unit

Internal Audit Overview
"Vigilance Through Knowing"
Workers' Compensation Annual Report 11-03
December, 2011

Objectives

The objectives of this report are to address the recommendations put forth in the city's audit. The specific recommendations are listed below.

- Annual cost trend analysis of the department's workers' compensation cost data
- Annual trend and pattern analysis of its workers' compensation incident data.

Methodology and Scope

- The primary data source for this report and the city's audit is the RiskMaster system utilized by the Department. The RiskMaster system is a database that stores many data fields about each workers' compensation incident. In addition, data for this project was obtained from the Department's computer unit.
- The scope of this report is primarily limited to the information provided in the city's audit titled, *Performance Audit Police Department Workers' Compensation*.

Findings

1. Total workers' compensation costs have declined between fiscal years 2008 through 2011.
2. The "injured during arrest" category is the largest category listed for injuries.
3. The most common body part injured during arrest was the hand.
4. Knee was the most common body part injured, regardless of activity.
5. The police officer position had the most number of total injuries.
6. About 40% of employees that were involved in a workers' compensation incident had 2 or more incidents in the listed time period (fiscal year 2007- 2011).
7. The five year average of incidents resulting in loss time was 12.26%.
8. The activity which resulted in the greatest loss time was vehicular accident.
9. The body part injury which resulted in the greatest frequency of loss time was neck soft tissue.

For further information please contact:

Officer Marvin Forbes, 234-5247 mforbes@kcpd.org

Endorsement Page

Re: Worker's Compensation Report, 11-03

Unit/Section Supervisor

Unit Commander

Major Pruetting: This report on worker's compensation is submitted for review by the Chief. I recommend that after his review it be distributed to all bureaus for further distribution and to the OGC. I also recommend it be presented to the Audit Committee of the Board Of Police Commissioners.

H. Lee 12/6/11

Division Commander

Bureau Commander

Chief of Police

Approved for distribution

*Chief of P.D.
12-9-11*

*sent to
all DC's +
OGC on 12/9-11
yf*

Workers' Compensation Annual Report 11-03

December 2011

Internal Audit Unit

Kansas City, Missouri Police Department

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Exhibit 1 – *Performance Audit Police Department Workers' Compensation*

Introduction

In November 2010, an audit titled, *Performance Audit Police Department Workers Compensation*, was completed by the City Auditor's office. The audit focused on "cost and incident trend and pattern analysis the Police Department can perform on its workers' compensation data." The city "analyzed the departments' workers' compensation cost to give the department examples of analyses the department could do." The information is presented in several charts, tables, and graphs.

In addition to information about workers' compensation expenses, the city's audit further outlined information about patterns involving workers' compensation incidents. The city examined incidents involving body part injuries, activity engaged at time of injury ("service"), injuries by assignment of employee (position and division), and injury by day of week. The city provides this information in order to identify patterns that might be managed if an injury trend is increasing. However, if a decreasing pattern of injuries is identified, then hopefully the factors that led to the decrease can be determined and applied to all divisions.

The city suggested additional information that could be produced but was not calculated in the audit. The city stated, "We did not determine whether the department is currently collecting the necessary data to calculate these cost measures." The additional measures are, "time between when the incident occurs and is reported", "percentage of claims litigated", "average cost per medical visit or service", and "percentage of claims that involve loss time."

In response to the city's audit, the Chief of Police directed the Internal Audit Unit to prepare an annual report that reflects the information prepared by the city. This report reproduces all the charts, graphs and tables contained in the city's audit except for the average medical cost per incident table. In addition, this report does go further than the city's audit by producing three of the four additional suggested measures. The exception, "average cost per medical visit or service" is not included. The respective exceptions are discussed later in this report. Finally, this report expands the original audit by adding additional information that seemed appropriate

The report is broken into three sections and data is pulled from the 2007 through 2011 Fiscal Years. The first section contains the charts, graphs and tables that appeared in the city's audit. The city's rationale and importance of the information from the original audit is also provided in this section. The next section contains additional information suggested by the city. This information is also contained in charts, graphs and tables (however these were not produced in the original audit). Likewise, this section contains the rational and importance of the information provided by the city. The last section

contains additional workers' compensation information produced by the Internal Audit Unit.

Scope

The scope of this report is primarily limited to the information provided in the city's audit titled, *Performance Audit Police Department Workers' Compensation*. The city's recommendation was that the Department should prepare an annual detailed analysis of workers compensation data. Their audit provides examples of analysis that could be performed with the existing data provided by the RiskMaster system. The specific analysis that was to be done was left up to the department. However, the examples provided by the city seemed to be appropriate for the workers compensation analysis. Therefore, this report utilizes most of those examples. If there is an example that was not included then the rationale for that decision is explained. Additionally, this report does expand on the examples provided by including additional information that seemed appropriate for workers' compensation analysis.

Objectives

The objectives of this report are to address the recommendations put forth in the city's audit. The specific recommendations are listed below.

- Annual cost trend analysis of the department's workers' compensation cost data
- Annual trend and pattern analysis of its workers' compensation incident data.

Methodology

The primary data source for this report and the city's audit is the RiskMaster system utilized by the Department. The RiskMaster system is a database that stores many data fields about each workers' compensation incident. In addition, data for this project was obtained from the Department's computer unit.

Charts and Tables from City Audit

Workers' Compensation Expenses

Workers' Compensation Expenses

expense	fiscalYear ▼				
	2007	2008	2009	2010	2011
	\$	\$	\$	\$	\$
A- Medical Claims	\$1,216,091.00	\$1,400,080.00	\$1,088,837.00	\$1,212,432.25	\$1,077,477.04
B- Beneficiary Payments	\$112,761.00	\$97,811.00	\$112,761.00	\$111,323.33	\$110,892.08
C- Settlements	\$215,697.00	\$123,148.00	\$271,308.00	\$445,458.85	\$305,336.18
D- HR Staff Salary	\$148,406.00	\$152,996.00	\$152,996.00	\$126,565.88	\$129,313.91
E- Billing Services	\$110,263.00	\$123,549.00	\$136,297.00	\$167,521.38	\$107,372.06
F- Extra WkComp Ins	\$112,406.00	\$123,351.00	\$118,996.00	\$117,656.00	\$116,920.00
G- Liab/Prop Ins	\$22,900.00		\$2,254.00	\$1,254.00	\$1,254.00
H- Taxes 2Inj & Self	\$103,265.00	\$129,257.00	\$183,535.00	\$70,662.21	\$169,395.72
I- Audit/Actuarial				\$2,000.00	\$16,500.00
J- Self Ins Escrow	\$157,720.00	\$700,000.00			
K- Training					\$3,438.50
L- Software Mnt RSK MSTR				\$8,110.00	
M- Curr Yr Encumb		\$35,740.00	\$207,077.00	\$70,658.41	\$61,326.16
N- Prior Yr Encumb			(\$35,740.00)	(\$207,076.91)	(\$70,658.41)
Grand Total	\$2,199,509.00	\$2,885,932.00	\$2,238,321.00	\$2,126,565.40	\$2,028,567.24

Table 1

City's Rationale and Importance

By analyzing the cost trends using annual cost data over multiple years, the department will be able to identify the cost components that are increasing and the rate of increase. Analyzing trends in workers' compensation costs can also highlight when costs are above and below expected values. Knowing which costs are driving workers' compensation costs can help focus where the department can reduce costs or slow increases. Tracking workers' compensation cost trends also provides data for making cost projections.

Report Discussion

The information provided in this table was provided by the accounting section of the police department. Category D (HR Staff Salary) is an estimation of expenses and has been modified since the original calculations were performed. The city's calculation included three individual's salaries and benefits as a percentage of the time that was

spent dealing with workers' compensation. The percentages of those three individuals was 25%, 90% and 90% of salary and benefits. However, upon interviewing those same three individuals, the percentages have been modified to 20%, 75%, and 75%.

In addition to calculation changes, there are additional categories that were not included in the city's table and therefore would not have data for those years. The categories "Audit/Actuarial", "Training" "Software Maintenance of Riskmaster" have been added for fiscal year 2010 and 2011.

Even with changes in calculation and additional expense categories, there still has been a drop in overall expense for the last four years.

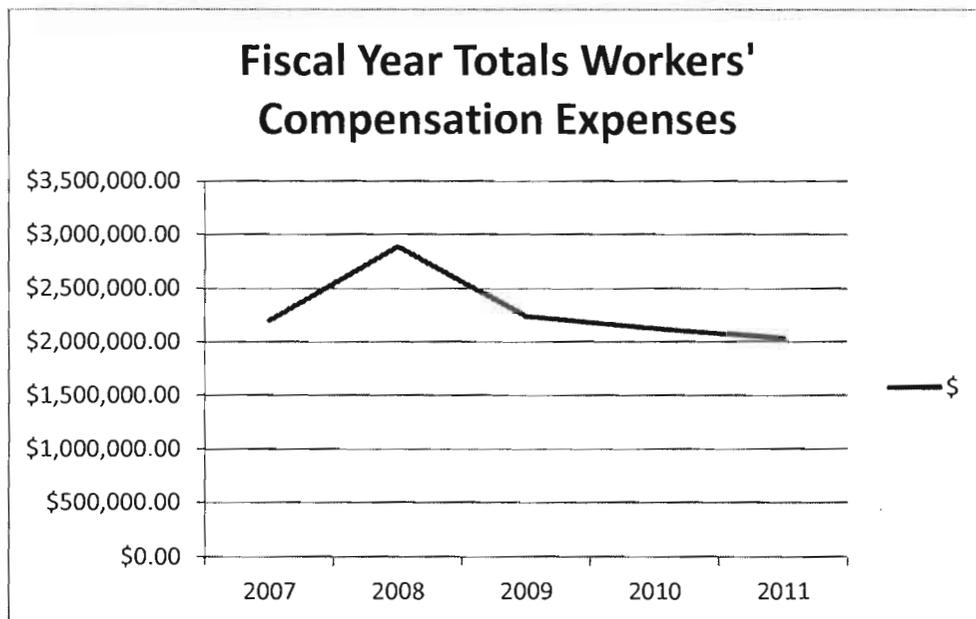


Table 2

Average Medical Cost

*Chart removed

City's Rationale and Importance

Calculating the annual cost averages for different cost components provides a way to summarize each component's costs for all months as a single, typical value. The department can use those.

Report Discussion

The RiskMaster system is designed to capture medical costs for each incident. As additional costs are incurred for the same incident, the medical cost field is updated to reflect the new total. Updating workers' compensation incidents typically occurs weekly. Therefore, data pulled from the system a few weeks apart would display different medical cost totals for the same incident.

Continually maintaining updated cost information for each incident presents accuracy challenges. This challenge was reflected in the attempt to match the data pulled for this report and the data pulled for the city's audit completed in November 2010. The data did not match because several incidents had been updated since November.

Matching data would be essential in order to compare fiscal years. The city's audit contained a table that displayed the average medical cost per incident broken down by year. Then the average costs were compared to one another. In order to maintain this table, updated information would need to be pulled for every incident contained in the table every single year. Simply pulling information for one year to update the chart for the future would not capture the changes in all of the previous years. Therefore, the table was not reproduced in order to eliminate the need to pull updated information from every previous year every time the table is updated.

Incidents By Service

Incident By Service Pivot Table

	FiscalYear ▼					
	2007	2008	2009	2010	2011	Grand Total
Service ▼	#	#	#	#	#	#
INJURED DURING ARREST	70	60	83	64	49	326
OTHER	56	59	44	51	31	241
VEHICULAR ACCIDENT	43	61	47	41	31	223
SLIP AND FALL	38	34	25	21	31	149
FOOT CHASE	23	36	29	13	10	111
Physical Training/Defensive Tactics	16	30	14	12	19	91
ASSAULT	24	15	20	8	17	84
SLIP AND FALL - WEATHER RELATED	17	16	8	12	10	63
LIFTING INJURY	10	12	10	6	10	48
POISON IVY	5	7	3	1	3	19
FIREARMS TRAINING	4	4	2	2	2	14
Injury caused by sharp object					10	10
REPETITIVE MOTION	2		2	3	1	8
Dog Bite					7	7
Exposure to toxic substance					6	6
BIKE PATROL		3		1	1	5
Unknown				3		3
Foreign object in eye					2	2
Injury caused by uneven surface					1	1
Grand Total	308	337	287	238	241	1411

Table 3

City's Rationale and Importance

Analysis of injuries by service can reveal trends and fluctuations. Reviewing annual trend analysis would allow the department to notice increases and decreases in incidents involving specific activities. Service is defined as the activity the employee was engaged in at the time of the injury.

Report Discussion

The incident by service table does provide an excellent starting point to determine the most common activities that employees were engaged in at the time of an injury. Additional discrete categories such as, "foreign object in eye", "injury caused by uneven surface", "dog bite", "injury caused by sharp object", and "exposure to toxic substances" were added in FY 2010 in order to reduce the amount of injuries that were marked

“other.” Table 3 indicates that overall the “other” category is very high on the list on a total FY basis. However, it is falling on a strictly category basis. The category, “injured during arrest” continues to lead for most common service among workers’ compensation injuries. But, the category has posted two continuous years of decreasing injuries in FY 2010 and FY 2011.

Incidents by Service - Chart

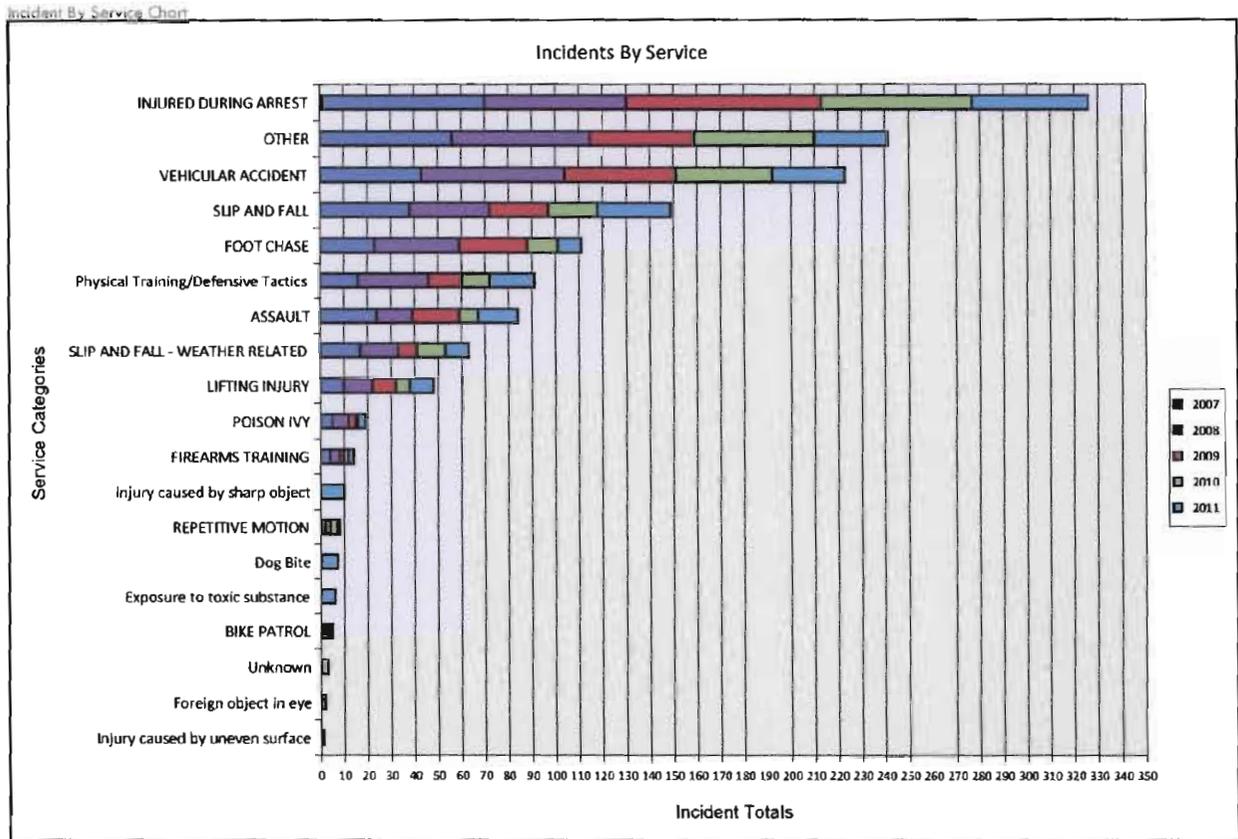


Table 4

City's Rationale and Importance

Same as Incident by Service Table

Report Discussion

The incident by service chart displays the aggregate numbers for each type of service for the listed time period. This is a graphical representation of the information contained in the previous table. The colors indicate the rate at which each fiscal year contributed to the aggregate number. The colors might indicate that while a certain category may lead in overall incident number, the rate may be decreasing.

Body Part Incidents

BodyPart Injuries

BodyPart	Fiscal Year ▼						Grand Total
	2007	2008	2009	2010	2011		
	#	#	#	#	#	#	
Knee	48	55	49	38	29	219	
Hand	34	40	44	32	30	180	
Shoulder	26	24	31	20	16	117	
Lower Back (Lumbar)	26	27	22	22	17	114	
Ankle	23	17	26	16	15	97	
Neck Soft Tissue	17	29	21	13	17	97	
Finger	19	21	25	16	13	94	
Wrist	20	24	8	14	10	76	
Lower Arm	19	17	13	13	13	75	
Soft Tissue	14	15	16	11	9	65	
Upper Back Area (Thoracic Area)	8	26	15	7	7	63	
Lower Leg	12	12	14	14	10	62	
Eye (s)	11	16	9	10	10	56	
Elbow	5	13	12	9	13	52	
Thumb	10	7	4	6	8	35	
Body Systems & Multiple Body Systems	7	10	5	2	10	34	
Hip	5	11	3	8	6	33	
Foot	4	10	2	3	9	28	
Upper Arm (inc: Clavicle and Scapula)	7	3	9	1	6	26	
Chest-Ribs, Sternum	5	7	6	4	3	25	
Skull	7	9	4	2	1	23	
Abdomen Including Groin	5	4	3	2	2	16	
Nose	5	6		1	2	14	
Multiple Body Parts	3	1	2	5	2	13	
Mouth	4	2		3		9	
Grand Total	344	406	343	272	258	1623	

Table 5

City's Rationale and Importance

The department could investigate injuries to specific body parts that have a consistently higher frequency of occurrence or are trending higher. Further analysis of the increase of injuries might show a common cause for the increase. Once the department identifies the cause, it could seek opportunities to change how it performs some functions or provide different equipment or training to reduce injuries to this body part.

Report Discussion

Body Part Injuries table displays the top 25 body part injuries by fiscal year. The table indicates that knee, hand, and shoulder are the most common injuries. It should be noted that an incident may injure more than one body part. Therefore, the total number of injuries can be more than the number of incidents in a given time period.

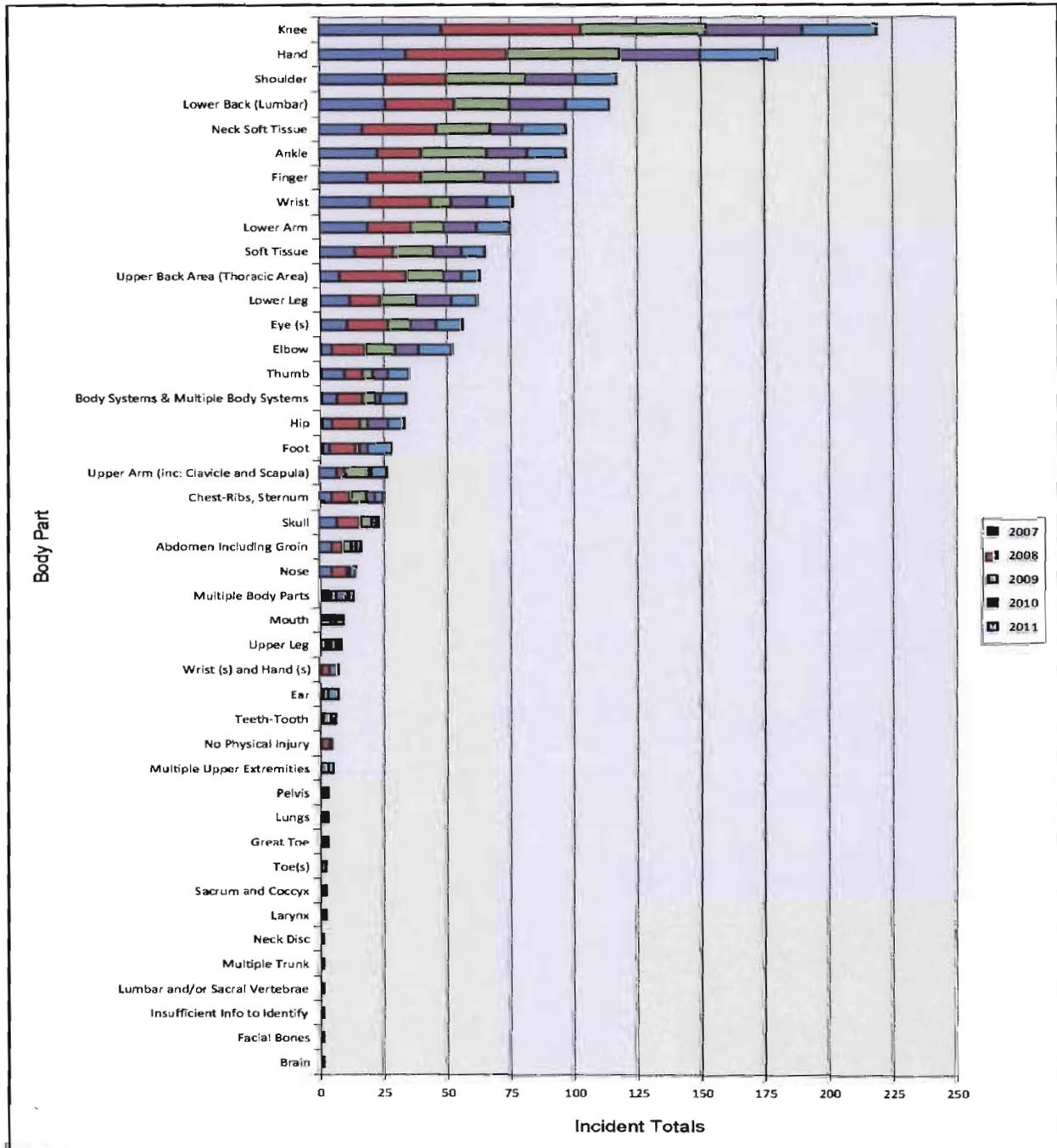


Table 6

Body Part Incidents By Service

BodyPart Injuries By Service

Service	BodyPart			Grand Total
	Knee	Hand	Shoulder	
	#	#	#	#
INJURED DURING ARREST	53	69	27	149
SLIP AND FALL	46	16	10	72
VEHICULAR ACCIDENT	26	11	30	67
FOOT CHASE	33	30	3	66
OTHER	19	17	12	48
ASSAULT	16	15	1	32
SLIP AND FALL - WEATHER RELATED	9	9	8	26
Physical Training/Defensive Tactics	11	1	11	23
LIFTING INJURY	3	2	12	17
Injury caused by sharp object	1	5		6
REPETITIVE MOTION		3	1	4
BIKE PATROL	1		2	3
Dog Bite		1		1
Exposure to toxic substance		1		1
FIREARMS TRAINING	1			1
Grand Total	219	180	117	516

Table 7

City's Rationale and Importance

Combined analysis of incident frequency by service and body part injury could help identify needed safety improvements. The department could examine why certain activities lead to injuries involving the most frequent body part injuries. Similar causes could suggest safety precautions to take to protect those body parts.

Report Discussion

Table 7 displays the top 3 body parts injured in relation to the type of activity being performed at the time of injury. The totals are displayed in the aggregate for the listed time frame. Knee and hand injuries most often occur during arrest activities. However, shoulder injuries most often occur in vehicular accidents.

Percent of Division Employees By Incidents

Personnel Assigned By Division and Incidents

Division	2007			2008			2009			2010			2011		
	#	Pos	%												
Center	57	210	27.14%	56	217	25.81%	57	224	25.45%	41	237	17.30%	46	235	19.57%
East	53	213	24.88%	52	222	23.42%	48	216	22.22%	38	223	17.04%	47	221	21.27%
Facilities Mgmt	5	52	9.62%	8	51	15.69%	6	51	11.76%	3	51	5.88%	6	51	11.76%
Logistical Support										22	227	9.69%	24	233	10.30%
Metro	46	198	23.23%	45	201	22.39%	37	195	18.97%	43	201	21.39%	32	200	16.00%
Narcotics and Vice	11	82	13.41%	13	92	14.13%	11	91	12.09%	18	112	16.07%	14	102	13.73%
North	3	137	2.19%	12	107	11.21%	8	109	7.34%	11	114	9.65%	12	114	10.53%
Shoal Creek	14	42	33.33%	10	63	15.87%	14	101	13.86%	9	107	8.41%	10	107	9.35%
South	19	119	15.97%	17	120	14.17%	14	117	11.97%	8	123	6.50%	11	122	9.02%
Special Operations	17	131	12.98%	18	138	13.04%	20	138	14.49%	19	138	13.77%	17	148	11.49%
Training	10	137	7.30%	21	130	16.15%	8	83	9.64%	7	52	13.46%	10	52	19.23%
Violent Crimes	1	112	0.89%	5	109	4.59%	4	112	3.57%	9	144	6.25%	3	144	2.08%

Table 8

City's Rationale and Importance

Disparities in total incident frequencies by division could identify internal "best practices." The department could compare frequencies of injuries in divisions that perform like duties. The department could try to determine what factors are influencing the rates and creating disparities between divisions. If these factors are within its control, the department can make changes

Report Discussion

The city's original audit spanned the fiscal years 2005 through 2009 and included many divisions. Starting in fiscal year 2010, displaying data for divisions that had extremely low incident data did not seem to make sense and they were dropped. In addition, there was some organizational realignment. For example, property crimes was dropped as a division and added to the patrol division. Therefore, while property crimes did have data in fiscal years 2007-2009, there was no data for fiscal years 2010 and 2011.

The "#" category indicates the total number of injuries for that year at that division. The "Pos" category indicates the total number of positions assigned to that division. This information was obtained from the department's budget unit. The "%" category displays the total number of injuries divided by the total number of positions and displayed as a percentage.

Patrol Division Incidents By Service

Incidents By Patrol-Division And Service

Service	divisionName ▾						
	Central	East	Metro	North	Shoal Creek	South	Grand Total
	#	#	#	#	#	#	#
INJURED DURING ARREST	94	75	65	16	18	16	284
VEHICULAR ACCIDENT	57	47	34	11	10	10	169
OTHER	30	35	25	7	8	13	118
FOOT CHASE	35	35	26		3	7	106
SLIP AND FALL	23	26	16	6	6	10	87
ASSAULT	20	20	17	2	2	6	67
SLIP AND FALL - WEATHER RELATED	5	10	10	2	2	5	34
Physical Training/Defensive Tactics	13	5	12	1	2		33
LIFTING INJURY	6	4	4	2	3	2	21
POISON IVY	3	4	7		1		15
FIREARMS TRAINING	1	4	3		1	2	11
Injury caused by sharp object	3		2			2	7
Dog Bite	2	1	1		1		5
BIKE PATROL	2		2				4
Exposure to toxic substance		1					1
Injury caused by uneven surface			1				1
REPETITIVE MOTION						1	1
Grand Total	294	267	225	47	57	74	964

Table 9

City's Rationale and Importance

Comparisons by division and service could identify variances in similar operations. Further analysis could show that there may be some practices used by one division that other divisions could adopt in order to reduce injuries during arrest.

Report Discussion

This table displays information only for the Patrol Divisions. It lists each Patrol Division and the assorted service categories.

Position

Incidents By Position Historical

Position	Fiscal Year														
	2007			2008			2009			2010			2011		
	#	POS	%	#	POS	%	#	POS	%	#	POS	%	#	POS	%
Captain	2	52	3.85%	0	52	0.00%	0	52	0.00%	1	57	1.75%	1	54	1.85%
Civilian	32	628	5.10%	33	648	5.09%	32	640	5.00%	30	680	4.41%	40	686	5.83%
Detective	10	223	4.48%	12	227	5.29%	5	24	20.83%	11	242	4.55%	6	244	2.46%
Detention Facility Officer	4	49	8.16%	7	45	15.56%	5	44	11.36%	4	50	8.00%	3	50	6.00%
Entrant Officer	6	128	4.69%	12	89	13.48%	4	49	8.16%	3	48	6.25%	6	48	12.50%
Police Officer	192	821	23.39%	214	881	24.29%	200	885	22.60%	163	884	18.44%	170	882	19.27%
Sergeant	11	216	5.09%	8	217	3.69%	7	234	2.99%	20	230	8.70%	8	230	3.48%

Table 10

City's Rationale and Importance

Comparing incidents by position could identify unsafe condition. If a rash of injuries occurred in one position, it could indicate inadequate training, poor hiring practices, or unsafe conditions.

Report Discussion

The "Police Officer" position accounts for a large majority of incidents. This information is not a surprise since most incidents occur during arrests.

The "#" category indicates the total number of injuries for that year at that rank or position. The "Pos" category indicates the total number of positions appropriated for that rank or position. This information was obtained from the department's budget unit. The "%" category displays the total number of injuries divided by the total number of positions and displayed as a percentage.

Incidents By Day

Incident by day

		FiscalYear ▾					
		2007	2008	2009	2010	2011	Grand Total
		+ -	+ -	+ -	+ -	+ -	+ -
Day ▾	#	#	#	#	#	#	#
Sunday	+ -	31	47	29	28	34	169
Monday	+ -	49	47	48	30	36	210
Tuesday	+ -	53	54	49	41	42	239
Wednesday	+ -	49	50	42	41	43	225
Thursday	+ -	56	55	43	47	30	231
Friday	+ -	39	49	38	27	29	182
Saturday	+ -	31	35	38	24	27	155
Grand Total	+ -	308	337	287	238	241	1411

Table 11

City's Rationale and Importance

A higher frequency of incidents occurring on the first day of the employee's work week may indicate workers' compensation fraud. Employees who are actually injured when off from work may report the injury at work on the first day back, in order to receive injury benefits. The department could compare the day of the week incidents occurred against the employees work schedules to determine whether employees are routinely involved in incidents on the first day of their work week

Report Discussion

The city's explanation for including the above information is ambiguous. On one hand, the city's information appears to identify statistical anomalies that might indicate fraud based on the first day of the work week by listing the total number of incidents per day. On the other hand, the city further explains that the department should use employees' work schedules compared to day of week incidents. It is unclear if the above table is a display of an attempt to make that comparison or whether the city is simply suggesting that the department should provide that information. The above information is the only information provided and would not take into account a rotating days off work schedule. Therefore, assuming that any given day is a day back from work by all employees would not be accurate. An additional attempt to identify a pattern that matches an employee's day off and first day back is discussed later in this report under the "Internal Audit

Information” section. However, it is interesting that there is a large drop off of injuries that occur on the weekend.

Incidents By Time Of Day

Time Of Day

	TOD ▾				
	1. Morning	2. Afternoon	3. Evening	4. Overnight	Grand Total
	+ -	+ -	+ -	+ -	+ -
WeekName ▾	#	#	#	#	#
Sunday	25	29	69	46	169
Monday	52	71	57	30	210
Tuesday	66	79	63	31	239
Wednesday	61	66	63	35	225
Thursday	73	62	51	45	231
Friday	52	45	51	34	182
Saturday	27	34	50	44	155
Grand Total	356	386	404	265	1411

Table 12

City's Rationale and Importance

The department could perform additional analysis to determine the incident by day of the week and by time of day that incidents occur. The department may be able to identify conditions that contribute to high number of injuries. If those factors are under the department's control, the department can make changes to decrease incidents.

Morning 0600 – 1159 hours

Afternoon: 1200 – 1759 hours

Evening: 1800 – 2359 hours

Overnight: 0000 – 0559 hours

Report Discussion

This table provides further detail about the incident day of week and time. The table suggests that employees working the "overnight" shift are much less likely to be involved in a workers' compensation incident.

Frequency of Incidents by Employee

Employees Number Of Injuries

Number of Injuries	Number of Employees
1	533
2	206
3	65
4	36
5	13
6	8
7	2

Table 13

City's Rationale and Importance

Multiple workers' compensation incidents may signal a need for training. Employees having multiple workers' compensation injuries, especially when the same employee has more than one injury in a year can be a signal for

employee error as opposed to unsafe conditions.

Report Discussion

Table 13 and 14 display the number of injuries incurred by an individual over the listed period of time (fiscal years 2007 through 2011). There were 863 employees that were involved in 1411 workers' compensation incidents. 40% of employees were involved in two or more incidents between fiscal years 2007 through 2011.

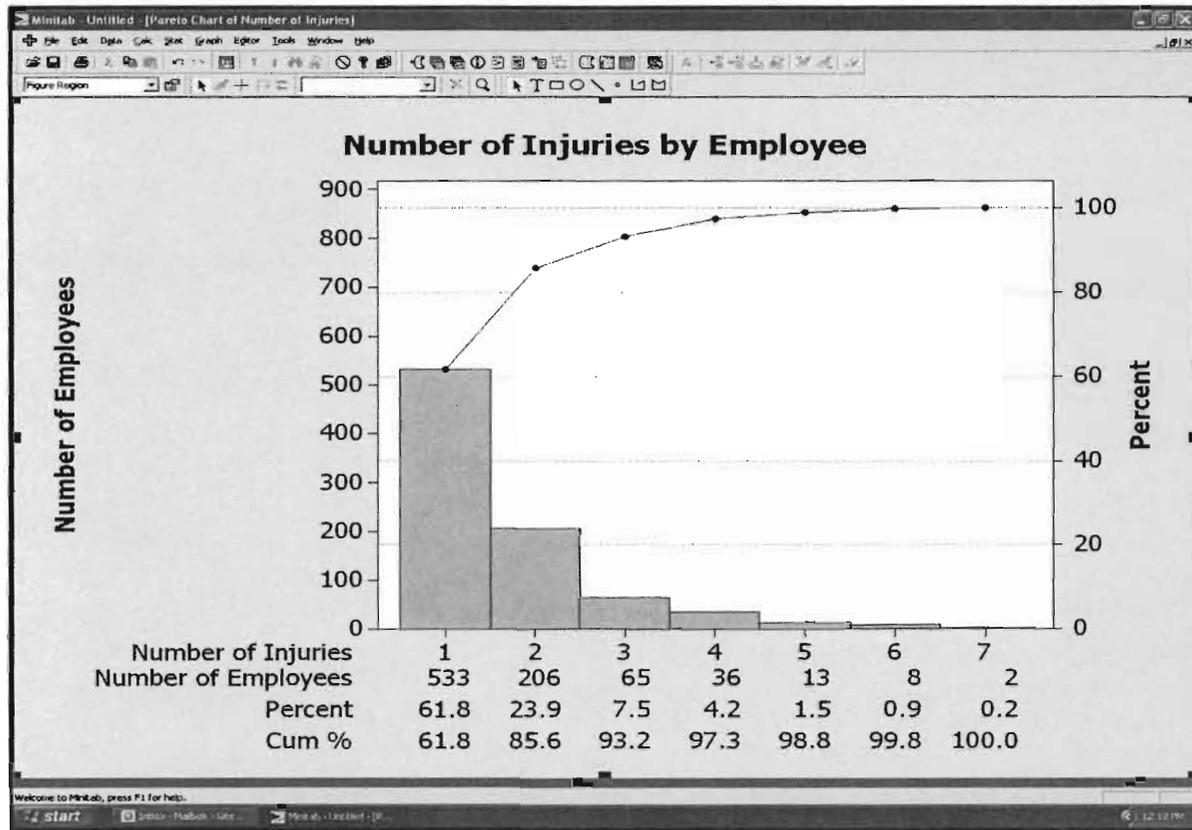


Table 14

Additional Info Requested by City

Incidents Loss/Medical Time

Loss Time

LossTime	FiscalYear														
	2007			2008			2009			2010			2011		
	#	TOT	%	#	TOT	%	#	TOT	%	#	TOT	%	#	TOT	%
LT	35	308	11.36%	55	337	16.32%	36	287	12.54%	31	238	13.03%	16	241	6.64%

Table 15

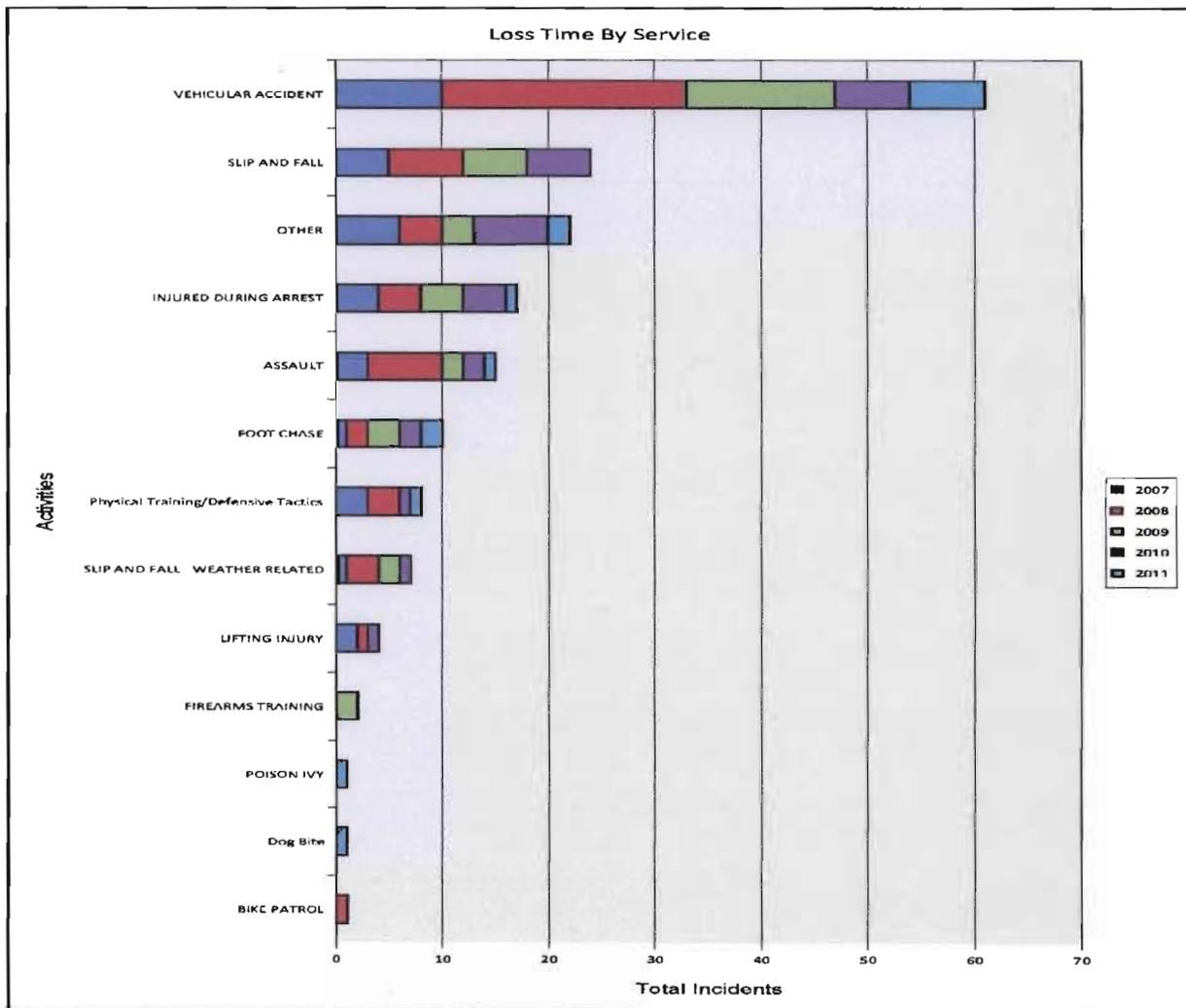


Table 16

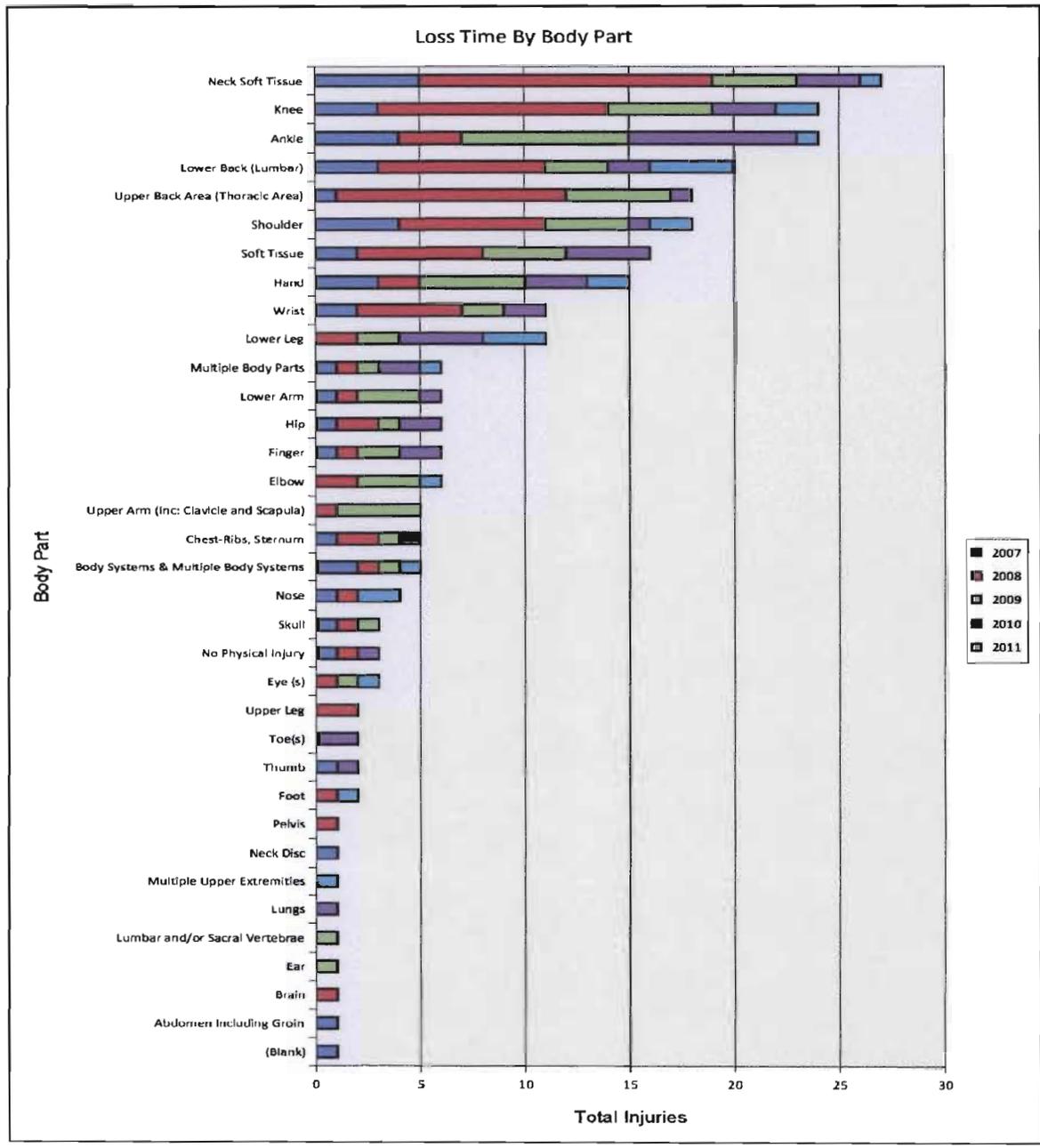


Table 17

City's Rationale and Importance

Loss time is time that injured employees miss from work. The more time spent on disability the more wage replacement and medical costs increase. Employers should try to reduce loss time by bringing employees back to work as soon as possible. High percentages can signal the need to look at the return to work process.

Report Discussion

These tables do not show how much aggregate "Loss Time" occurred. But, they do provide an idea of the number of incidents, the specific activities and body part injuries that are resulting from incidents that require missed time from work. The percentage of time is fairly consistent until fiscal year 2011 when there is a large drop.

In table 15, the "#" category indicates the total number of injuries that resulted in lost time. The "TOT" category indicates the total number of incidents that occurred for the listed fiscal year. The "%" category displays the total number of injuries that resulted in lost time divided by the total number of incidents for the fiscal year and displayed as a percentage.

Table 16 and 17 provide more information about the incidents that require time off from work. These tables reveal that the five year average of incidents resulting in loss time was 12.26%. In addition, the activity which resulted in the greatest loss time was vehicular accident. The body part injury which resulted in the greatest frequency of loss time was neck soft tissue.

Average cost Per Medical Visit or Service

City's Rationale and Importance

Medical cost can be broken out by medical service or type of provider. Calculating the cost averages provides a way to summarize costs as a single typical value. The averages can then be analyzed for trends and comparisons made with like entities.

Report Discussion

This information was suggested as an additional idea by the city's audit. However, data on the number of visits made by an employee is not kept. Since the total number of visits is not kept, then it would not be possible to divide the total amount of money for incident by the number of visits and arrive at an average amount per visit.

Percentage of Claims Litigated

City's Rationale and Importance

Litigated claims increase employers' costs. A high or increased percentage of claims litigated could signal problems in the employer/employee relationship.

Report Discussion

The information for this section was provided by the listed City's attorneys. The data provides information about the number of workers compensation cases. The open cases include only cases where a formal claim was filed. A formal claim is filed when there is a dispute between an injured worker and the employer and/or insurance carrier. The settled cases also only include cases in which formal claims were filed. In addition, the "open cases" category includes the total number of open cases regardless of the year they were initiated. The "settled cases" category indicates that a case was settled in the year listed, regardless of the year it was initiated. Finally, workers' compensation is reported to the state by calendar year and therefore is reported below by calendar year.

Assistant City Attorney Jamie Cook

Open Cases in 2010 -- 76

Settled Cases in 2010 -- 25

Open Cases in 2011 -- 63

Settled Cases in 2011 -- 17

Assistant City Attorney Anthony Bush

Open cases 2010 -- 15

Settled cases 2010 -- 3

Open cases 2011 -- 14

Settled cases 2011 -- 1

Total

Open cases for 2010 -- 91

Settled cases for 2010 -- 28

Open cases for 2011 -- 77

Settled cases for 2011 -- 18

Currently, the tracking process utilized by the city attorneys does not allow definitive conclusions to be made about the rate of filing formal claims by calendar year. Only the current aggregate number of open cases, regardless of the calendar year they were actually opened, is kept. However, there still does appear to be a hypothesis that can be drawn about the rate of filing formal claims.

The aggregate number of open cases has dropped between calendar year 2010 and 2011. These numbers seem to indicate that the rate at which total formal claims being filed is decreasing. This hypothesis is strengthened by the observation of the number of settled cases. A decreasing settled cases rate eliminates the option that the total number of open cases is lower simply because of sudden acceleration in settled cases. Therefore, it appears that there are less open cases because the rate of filing formal claims must have slowed. But, it is important to note that the total for 2011 was captured through September 2011. The exact number for both open and settled cases for calendar year 2011 would be affected by any activity that occurred in November and December 2011. Finally, there is limited data in which to draw conclusions about trends. As this report is prepared for following years, information about trends would be more reliable

Reported Date	
Date Range ▼	Frequency ▼
0	1236
1	73
2	21
3	15
4	5
5	7
6	4
7	5
8	3
9	4
10	1
12	3
13	3
16	4
17	2
19	1
20	1
21	2
25	1
27	1
28	1
29	1
30	1
34	2
41	1
45	1
49	1
53	1
57	1
63	1
64	1
68	1
76	1
83	1
93	1
114	1
142	1
367	1

Time Between Incident Occurring and Reported

City's Rationale and Importance

Delays in reporting incidents increase costs and the probability of litigation. Promptly reporting incidents also sends employees the message management takes injuries seriously.

Report Discussion

The table displays the number of days between when the incident occurred and when the report was made. For example, the group "0" in date range means that the date the incident was reported and the injury date were the same day. There were 0 days between the two dates. The table represents 1411 total incidents for the time period, fiscal years 2007 through 2011. The majority of incidents are reported on the same date (87.6%). However, the table does display an incident that was reported 367 days after the incident occurred.

Internal Audit Information

The information contained in this section was added by the Internal Audit Unit. The information was gathered from incident data from the RiskMaster System. In addition, data from the department's computer unit was used.

Incident By Years Of Service Cohort

Incident By Years of Service Cohort

Cohort	FiscalYear					
	2007	2008	2009	2010	2011	Grand Total
	#	#	#	#	#	#
1. 0-3	83.00	117.00	68.00	33.00	30.00	331.00
2. 3-6	87.00	60.00	63.00	52.00	77.00	339.00
3. 6-9	42.00	51.00	55.00	44.00	36.00	228.00
4. 9-12	34.00	29.00	34.00	30.00	20.00	147.00
5. 12-15	20.00	35.00	21.00	22.00	24.00	122.00
6. 15-18	9.00	12.00	18.00	25.00	23.00	87.00
7. 18-21	10.00	12.00	10.00	7.00	11.00	50.00
8. 21+	17.00	15.00	16.00	22.00	19.00	89.00
9. **	6.00	6.00	2.00	3.00	1.00	18.00

Table 19

Report Discussion

Table 19 was prepared in order to provide information on the individuals that were injured. This table displays that individuals with less time on the department make up the majority of injuries when simply breaking down the incident totals by years of service. No additional analysis was done to determine the number of employees that are assigned to each cohort. This would have been difficult to determine for historical purposes. Therefore, while the 0-3 and 3-6 cohort categories make up the most injuries, it might also have been that those groups also contained more employees than other groups.

The category, (9. **) indicates missing data that was provided by RiskMaster. The totals in this category indicate missing data that was essential in order to determine the

appropriate information. The total number is low and is included to make sure that each incident is accounted for in some manner.

Incident by Years of Service Cohort and Bureau

Incident_By_YearsOfServ_Cohort_By_Bureau

	Range ▾									Grand Total
	1. 0-3	2. 3-6	3. 6-9	4. 9-12	5. 12-15	6. 15-18	7. 18-21	8. 21+	9. **	
Cohort ▾	#	#	#	#	#	#	#	#	#	#
Administration	3.00	7.00	7.00	1.00	1.00	2.00				21.00
BOPC	2.00	1.00	3.00	3.00	1.00	2.00	1.00	3.00		16.00
Executive Services	31.00	15.00	24.00	14.00	15.00	8.00	5.00	19.00		131.00
Investigations	3.00	8.00	20.00	20.00	17.00	23.00	9.00	12.00	3.00	115.00
Patrol	253.00	305.00	170.00	104.00	84.00	49.00	32.00	53.00	11.00	1,061.00
PD & R	39.00	3.00	4.00	5.00	4.00	3.00	3.00	2.00	4.00	67.00
Grand Total	331.00	339.00	228.00	147.00	122.00	87.00	50.00	89.00	18.00	1,411.00

Table 20

Report Discussion

Table 20 was prepared in order to display the breakdown of injuries by Bureau and length of service. The patrol Bureau has the most incidents regardless of cohort.

Days between Incident and Last Day Off

Day Back Injury		
#OfDays		# Incidents
0	+	416
1	+	336
2	+	284
3	+	231
4	+	122
5	+	17
6	+	3
9	+	1
10	+	1
Grand Total	+	1411

Table 21

Report discussion

This table displays the amount of days between time off for an employee and the day the reported incident occurred. In the original audit the city attempted to provide information pertaining to potential fraud. The city's thought process is described below.

A higher frequency of incidents occurring on the first day of the employee's workweek may indicate workers' compensation fraud. Employees who are actually injured when off from work may report the injury at work on the first day back, in order to receive injury benefits. The department could compare the day of the week incidents occurred against the employees work schedules to determine whether employees are routinely involved in incidents on the first day

of their work week.

The city's information was presented in table 11. However, a 24 hour, 365 day a year police schedule does not lend itself well to deduce potential fraud by simply looking at "Monday" as the first day of an employee's work week. Many department employees have rotating days off. Therefore, data that displays the incident date compared to the employees last day off work, regardless of the actual day of the week, would be more accurate. Table 21 displays the number of elapsed days between an incident date and the employee's last day off work. That day off work could be a regular day off, sick day, vacation day, etc. For example, the "0" in "#OfDays" category indicates that there were 0 elapsed days between the last day off work and the date of the incident. Therefore, assuming an employee was off on a Tuesday and was back to work on Wednesday, there have been zero elapsed days between these dates.

The vast majority of police officers are assigned to the Patrol Bureau where they experience the highest frequency of injuries. These officers are also on the 10-4 plan wherein they work 2 weeks of 4 days on and then 4 weeks of 5 days on. All work at least 4 days every week. This is likely why 89.8% of the injury incidents occur over the first four days back with only 8.6% occurring on the 5th day of work since 1/3 of the time officers will not work the 5th day and thus decrease their chances of injury.

The Pareto Chart below shows the distribution of injury incidents in relation to the number of days worked after days off and when the incident was reported. As one can

see 29.5% occur on the first day back (zero days elapsed since a day off); 23.8% on the second day (1 day elapsed); 20.1% on the third day (2 days elapsed); 16.4% on the fourth day (3 days elapsed); and 8.6% on the fifth day (4 days elapsed) remembering that 1/3 of the time officers do not work the 5th day.

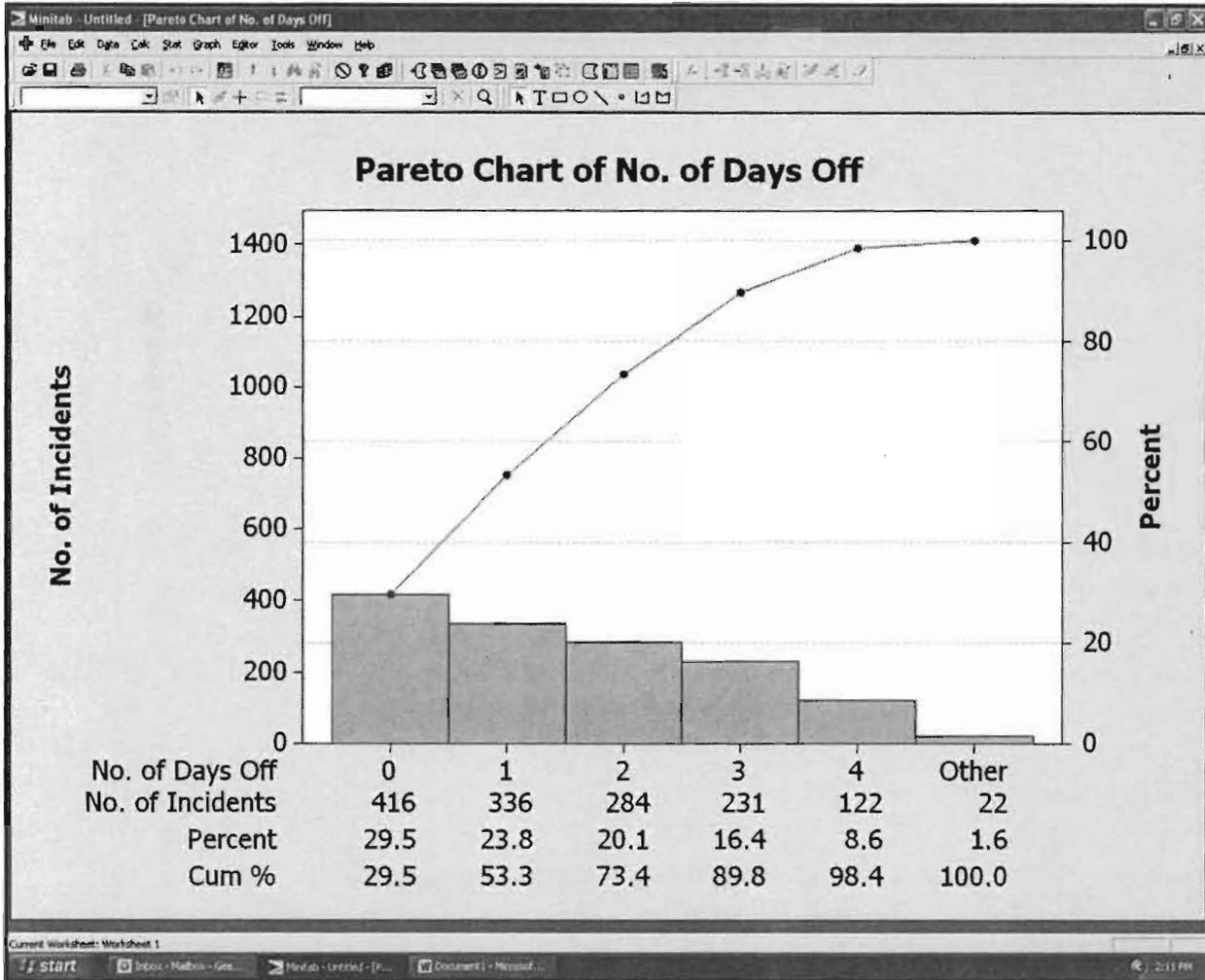


Table 22

Does this distribution indicate significant variation between the days? In other words do the 416 incidents on the first day back represent a statistically significant variation from the amounts for the other 4 days? The two control charts shown below indicate that while there is variation there is no statistically significant variation between the days and the frequency of injuries per day. It is likely that the variation shown is random in nature.

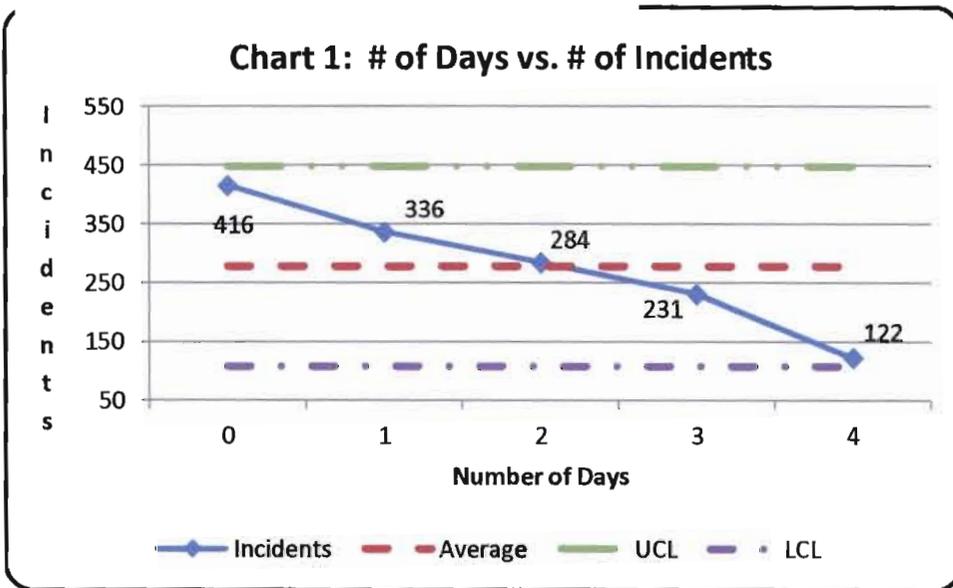


Table 23

Table 23 indicates the distribution of incidents remained within the upper and lower control limits when the 5th day of work is included indicating random variation.

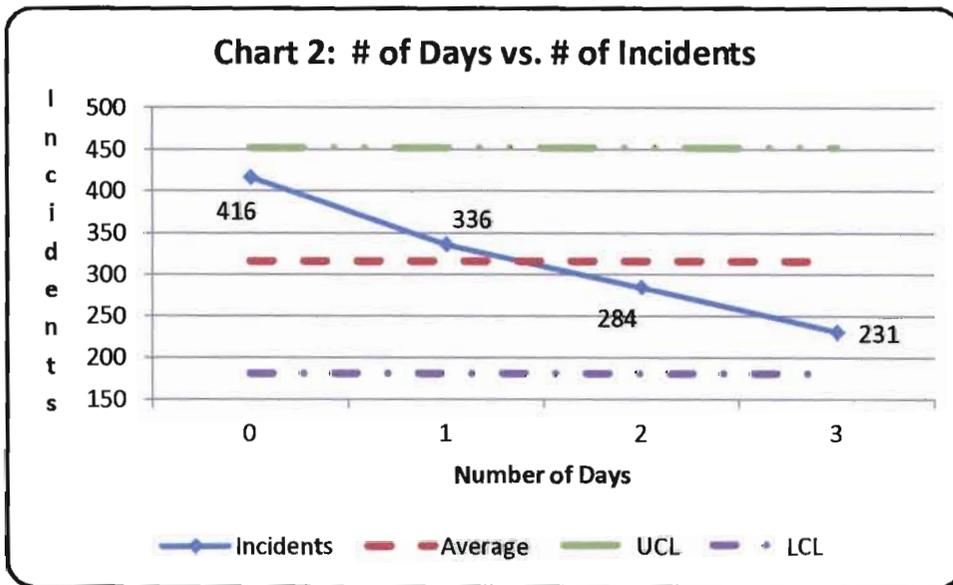


Table 24

Table 24 indicates the distribution of incidents remained within the upper and lower control limits when the 5th day of work is not included also indicating random variation. While the 416 incident data point (which represents the first day back) is greater than the others, it is not statistically significantly larger than the other frequencies. It is concluded that there is no convincing indication that employees are involved in worker's

compensation fraud by reporting off duty injuries as on duty injuries on the first day back.

Incident Control Chart

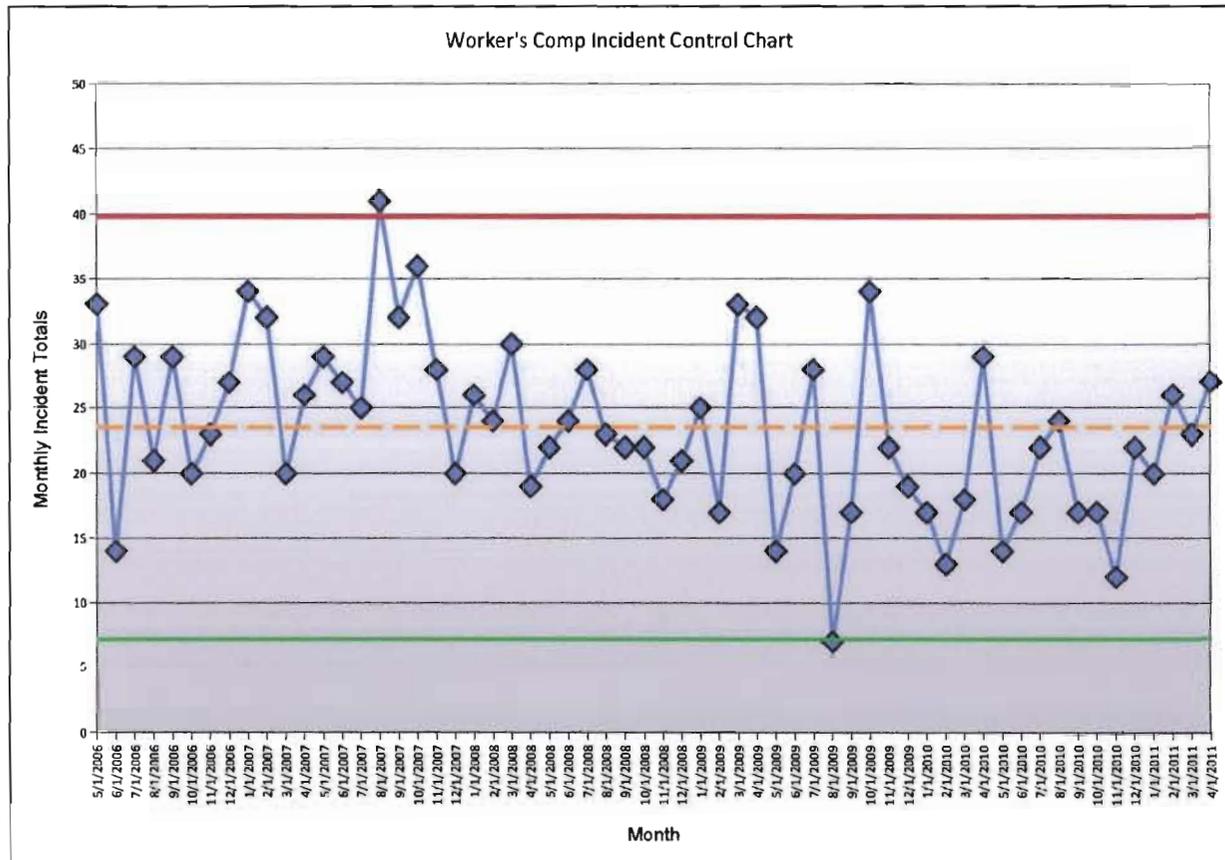


Table 25

Report discussion

Incident control chart displays the total number of incidents by month over the listed period of time. The chart is provided to give a contextual reference point for comparing monthly totals to one another. Certainly, some variation in the process from month to month is to be expected. However, how much variation is too much? The upper and lower control limits, the solid top and solid bottom line respectively, provide an answer to that question. If a point would fall outside these limits it indicates that there is an assignable cause and not the result of random variation in the process. The control chart can be seen as part of an objective and disciplined approach that enables correct decisions regarding control of the process, including whether or not to change process control parameters.

As can be seen in the above control chart, there are two months that are outside the control limits. The first month, August 2007 is above the upper control limit. The second month, August 2009 is lower than the lower control limit. Once an outlier is identified, the next step would be to perform a root-cause analysis to determine exactly why that month produced an unexpected total. However, that type of analysis is beyond the scope of this audit.

A handwritten signature in blue ink that reads "P.O. Forbes 4887".

Officer Marvin Forbes
Internal Audit

Exhibit 1

Performance Audit Police Department Workers' Compensation

**Performance Audit
Police Department
Workers' Compensation**

November 2010

**City Auditor's Office
City of Kansas City, Missouri**



Office of the City Auditor

21st Floor, City Hall
414 East 12th Street
Kansas City, Missouri 64106

(816) 513-3300
Fax: (816) 513-3305

November 12, 2010

Honorable Mayor, Members of the City Council, and Members of the Board of Police Commissioners:

This performance audit of the Kansas City, Missouri Police Department's workers' compensation program was initiated by the city auditor pursuant to Article II, Section 216 of the city charter and Section 84.350 of Revised Statutes of Missouri at the request of the Board of Police Commissioners. The audit focuses on cost and incident trend and pattern analysis the Police Department can perform on its workers' compensation data.

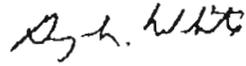
The Police Department should expand its workers' compensation cost and injury data analysis to include annual trend and pattern analysis in order to reduce costs and prevent injuries. Currently the department generates cost reports that identify costs over short periods of time. By expanding its analysis to include annual costs, trends will be more likely to emerge. The department will be able to identify the cost components that are increasing and the rate of increase. Knowing which costs are driving workers' compensation costs can help focus where the department can reduce costs or slow increases. Analyzing trends in workers' compensation costs can also highlight when costs are above or below expected values and provide data for making cost projections.

Currently the department reports injuries monthly, grouping them by what the employee was doing at the time of the injury. The department should expand its incident analysis to look for annual trends and patterns in several grouping of injury data including the body part injured, division, position, and days of the week. Trends or other patterns in the data may point to injuries that have similar causes that the department can address in an effort to reduce future injuries.

The department should reduce the frequency it uses "other" to describe the activity the employee was engaged in at the time of the workers' compensation injury. Using "other" reduces the number of incidents the department can use to analyze injuries. The department should also begin to compare its workers' compensation incidence rate to the Bureau of Labor Statistics' workplace injury and illness incidence rate for local police protection to determine whether the department compares well to other law enforcement agencies.

The audit includes recommendations to expand the department's analysis of workers' compensation costs and injuries, to improve the usefulness of the injury data collected by the department, and to utilize benchmarking data to determine how the department compares to other law enforcement agencies.

We shared a draft of this report with the chief of police on September 28. His response is appended. We would like to thank the Kansas City, Missouri Police Department staff for their assistance and cooperation. The audit team for this project was Joyce Patton and Sue Polys.

A handwritten signature in black ink, appearing to read "Gary L. White". The signature is cursive and somewhat stylized.

Gary L. White
City Auditor

Kansas City, Missouri Police Department Workers' Compensation

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Police Department Workers' Compensation

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Introduction

Objectives

We conducted this audit of Kansas City, Missouri Police Department workers' compensation under the authority of Article II, Section 216 of the Charter of Kansas City, Missouri, which establishes the Office of the City Auditor and outlines the city auditor's primary duties. We also conducted the audit under the authority of Section 85.350 of Revised Statutes of Missouri, which authorizes the city auditor to audit the Police Department and at the request of the Board of Police Commissioners.

A performance audit provides assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria. Performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability.¹

This report is designed to answer the following question:

- What are the cost and injury trends in Police Department workers' compensation data?

Scope and Methodology

Our review focuses on the Police Department's workers' compensation cost and injury trends. Our audit methods included:

- Reviewing Missouri Revised Statutes pertaining to workers' compensation to understand statutory regulations.
- Reviewing the Police Department's policies and procedures on the workers' compensation program to identify expected practices.

¹ Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2007), p. 17.

- Reviewing the Memorandum of Understanding between the Police Department and the City Attorney's Office on the administration of the Police's workers' compensation program to identify the obligations of each department.
- Interviewing Police personnel from the department's Benefits Section, Accounting and Payroll Section, and the Office of General Counsel to understand the workers' compensation program's actual practices.
- Reviewing professional literature to identify workers' compensation cost and injury trends and analysis the department should review when analyzing the program's effectiveness.
- Analyzing workers' compensation cost and incident trends and patterns from fiscal years 2005 through 2009 to demonstrate how performing trend and other analysis could benefit the department in administering the program.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those 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 objective. No information was omitted from this report because it was deemed privileged or confidential.

Background

Kansas City, Missouri Police Department Workers' Compensation

Missouri Revised Statutes Chapter 287 requires the Kansas City Police Department to provide workers' compensation for employees injured while performing their duties. Workers' compensation also covers illnesses related to job duties. The Police Department's workers' compensation pays for the employee's medical care, rehabilitation services, disability, death benefit, and supplemental payments for lost wages. The department's workers' compensation program is self-insured.

The workers' compensation process begins when an employee suffers an injury or illness while performing duties as a part of his/her job functions. According to department procedures, once an injury occurs,

the department sends the employee to a health facility authorized by the department to provide treatment. The employee's supervisor ensures an injury report is completed and sent to the Benefits Section of the department within 48 hours of the reported injury. If the injury is serious (e.g. gunshot wound), the Benefits Section is notified immediately. The Benefits Section forwards the injury report to the state's workers' compensation division.

When an employee makes a workers' compensation claim, staff in the Benefits Section estimates the claim's medical expenses based on their experience with similar injuries. While the injured employee is receiving treatment, Benefits staff monitors his/her progress. If approved by the physician, the Police Department places the employee on light duty until he/she can return to normal job duties.

If the injury requires the employee to miss work, the employee may receive temporary total or partial disability payments. The department pays temporary total disability at the state required level of two-thirds of the employee's salary² but allows the employee to choose to receive his/her full salary while on workers' compensation. If the employee chooses to receive an amount over two-thirds of his/her salary while on temporary total disability, the additional amount will be deducted from any payment the employee may receive for permanent disability.

Employees on workers' compensation sometimes file claims to receive a settlement for their injuries. Most of these claims involve injuries resulting in either partial or total permanent disability; however, they can also include disfigurement injuries. The City Attorney's Office handles the claims. The Board of Police Commissioners approves any settlement greater than \$25,000.

² RSMo 287.170.

Police Department Workers' Compensation

Findings and Recommendations

Summary

The Police Department should expand its analysis of workers' compensation costs to include annual cost trend analysis. Currently the department generates cost reports that identify costs over shorter periods of time. Analysis of annual cost trends should help the department identify costs that could be contained or reduced, identify costs that are fluctuating from expected values, and predict future workers' compensation costs.

The Police Department should expand its workers' compensation incident analysis to look for annual trends and patterns in injuries, divisions, positions, as well as other groupings that describe the incident data. Trends and other patterns in the data may point to injuries that have similar causes that the department can then address to help prevent future incidents.

The department should reduce the frequency it uses "other" to describe what the employee was doing at the time of the workers' compensation injury. When the department uses "other," it reduces the number of incidents that it can use for analysis. In addition to analyzing cost and injury trends, the department should compare its incidence rate against the Bureau of Labor Statistics' workplace injury and illness incidence rate for local police protection to determine whether the department compares well with other law enforcement agencies.

Cost Analysis Could Reduce and Control Workers' Compensation Costs

The Police Department should expand its analysis of workers' compensation costs to include annual cost trend analysis. Analysis of annual cost trends should help the department identify costs that could be contained or reduced and costs that are fluctuating from expected values, and predict future costs. We analyzed the department's workers' compensation costs to give the department examples of analyses they could do. We broke the costs into their components and calculated change over time. In addition, we describe other cost measures the department could consider calculating in order to reduce and control costs.

Police Should Expand Workers' Compensation Analysis to Include Cost Trend Analysis

The Police Department should expand its workers' compensation cost analysis to include annual trend analysis. Currently, the Police Department reviews segments of workers' compensation costs over short periods of time. The department generates monthly reports that address workers' compensation costs, including one by employee and one by medical service provider. A third report includes total medical costs by month for the current fiscal year. The department also generates a monthly report on paid salary replacement for employees unable to work because of a workplace injury. The report shows individual's salary replacement by current pay period and current calendar year. Looking at one month's worth of workers' compensation costs in isolation does not allow analysis of trends. Even if the department reviews multiple months' data, identifying trends is a problem because seasonal variations can affect monthly data. Analysis of annual total cost or annual average cost data should smooth seasonal variations and reveal trends. The Government Finance Officers Association recommends³ using at least five years of data for effective financial trend analysis.

By analyzing the cost trends using annual cost data over multiple years, the department will be able to identify the cost components that are increasing and the rate of increase. Analyzing trends in workers' compensation costs can also highlight when costs are above and below expected values. Knowing which costs are driving workers' compensation costs can help focus where the department can reduce costs or slow increases. Tracking workers' compensation cost trends also provides data for making cost projections. In order to identify cost drivers and cost variations and to help when making cost projections, the chief of police should ensure that the department performs annual cost trend analysis.

More Detailed Analysis Can Point to Areas Where Costs Can Be Reduced

To provide the Police Department with examples of how they can identify workers' compensation costs that can be reduced, we reviewed workers' compensation cost components and identified which components are increasing. We also calculated average medical cost per claim over time. The department can use average cost per cost component to examine increases and look for trends from year to year, as well as compare averages with other similar entities.

To understand workers' compensation costs the department should identify and analyze cost components and their trends. For example,

³ Best Practice, The Use of Trend Data and Comparative Data for Financial Analysis (2003), Government Finance Officers Association.

workers' compensation costs increased eight percent between fiscal years 2005 and 2009. (See Exhibit 1.) Medical claims represent the largest portion of workers' compensation spending at almost 50 percent of costs in 2009. Two costs which contributed to the overall increase were settlement costs and medical costs. Settlements had the highest percentage increase (116%) since 2005. Medical claims costs had the largest dollar increase (\$260,000). Once the department identifies the trends in the cost components, the department can determine what is driving the costs and develop strategies to contain them. For example, the department can examine medical claims data to identify which claims are more costly. By knowing what claims are more costly, the department can focus efforts on developing a safety prevention program for that type of injury.

Exhibit 1. Police Department Workers' Compensation Expenses, Fiscal Year 2005 - 2009

Expense	2005	2006	2007	2008	2009	Percent Change
Medical Claims	\$830,009	\$961,510	\$1,216,091	\$1,400,080	\$1,088,837	31.2%
Payment to Beneficiaries (Widow/Widower)	112,493	121,435	112,761	97,811	112,761	0.2%
Settlements (Permanent Partial and Total Disability)	125,792	204,380	215,697	123,148	271,308	115.7%
Human Resources Staff Salaries ⁴	139,635	143,954	148,406	152,996	152,996	9.6%
Billing Services	96,524	119,528	110,263	123,549	136,297	41.2%
Extra Workers' Comp. Insurance	98,681	234,524	112,406	123,351	118,996	20.6%
Liability/Property Ins. (Self- Insurance Bond)	20,500	22,900	22,900	-	2,254	(89.0%)
2nd Injury Fund Tax	167,007	202,627	94,017	109,750	141,431	(15.3%)
Self-Insurance Tax	77,931	-	9,248	19,507	42,104	(46.0%)
Self-Insurance Escrow Costs	303,000	126,802	157,720	700,000	-	(100.0%)
Current Year Encumbrances	110,244	-	-	35,740	207,077	87.8%
Prior Year Encumbrances	(9,000)	(110,244)	-	-	(35,740)	297.1%
Workers' Comp. Costs	\$2,072,816	\$2,027,416	\$2,199,509	\$2,885,932	\$2,238,321	8.0%

Sources: Kansas City, Missouri Police Department Fiscal Division and City Auditor's Office calculations.

Average costs are useful to identify trends, project future costs, and provide comparisons. The Police Department can analyze workers' compensation costs by calculating averages for total cost per incident, medical cost per incident, cost per body part injured, and other cost components. Calculating the annual cost averages for different cost components provides a way to summarize each component's costs from all months as a single, typical value. The department can use those annual averages to determine whether costs are trending up or down. Cost averages can help project future costs by

⁴ We estimated this cost based on staff salaries and percent of time spent on workers' compensation claims as reported by the department.

multiplying the average cost by estimated future incidents. The department can also use average costs for comparisons with similar entities or varying types of injuries. Comparisons with similar entities help identify potential problem areas. Comparison of average costs for varying injuries can show which injuries cost the most and, therefore, could be a place to focus cost reduction efforts.

Between fiscal year 2005 and 2009, the Police Department's average medical cost per workers' compensation incident⁵ increased from \$2,343 per incident to \$3,512. (See Exhibit 2.) The department's increase in average medical treatment costs could be investigated further to determine whether the increases are due to a few expensive claims which inflated the average, an increased number of medical procedures performed per injury, or some other factor.

Exhibit 2. Number of Workers' Compensation Incidents and Average Medical Cost per Incident, Fiscal Year 2005 - 2009

Incidents and Average Cost	2005	2006	2007	2008	2009
Incidents that Resulted in Medical Costs to KCPD	299	269	294	331	284
Average Medical Cost Per Incident ⁶	\$2,343	\$2,980	\$3,073	\$3,994	\$3,512 ⁷
Percent Increase (Decrease) in Average Medical Cost per Incident	N/A	27.2%	3.1%	29.9%	(12.0%)

Sources: Kansas City, Missouri Police Department Incident Data and City Auditor's Office calculations.

Additional Measures Could Provide Further Opportunities to Control or Reduce Costs

During the course of our audit, we identified additional cost measures the Police Department could consider calculating in an effort to control or reduce workers' compensation costs. The measures and their importance are described in Exhibit 3. We did not determine whether the department is currently collecting the necessary data to calculate these cost measures.

⁵ We excluded incidents that did not incur medical costs.

⁶ Costs are attributed to the year in which the incident occurred.

⁷ The average cost for injuries that occurred in 2009 may be low. Some of these injury cases may still be open and costs not fully incurred.

Exhibit 3. Additional Workers' Compensation Cost Measures KCPD Could Calculate

Measure	Importance
The time between when the incident occurs and is reported	Delays in reporting incidents increase costs and the probability of litigation. Promptly reporting incidents also sends employees the message management takes injuries seriously.
Percentage of claims litigated	Litigated claims increase employers' costs. A high or increased percentage of claims litigated could signal problems in the employer/employee relationship.
Average cost per medical visit or service	Medical costs can be broken out by medical service or type of service provider. Calculating the cost averages provides a way to summarize costs as a single, typical value. The averages can then be analyzed for trends and comparisons made with like entities.
Percentage of claims that involve loss time	Loss time is the time that injured employees miss from work. The more time spent on disability the more wage replacement and medical costs increase. Employers should try to reduce loss time by bringing employees back to work as soon as possible. High percentages can signal the need to look at the return to work process.

Sources: Teresa A. Long, "Workers' Compensation Loss Run Reports: How To Assess Your Safety Culture," *Industrial Maintenance & Plant Operation*, October 2009; Teresa A. Long, "10 Ways to Find Lost Money in Workers' Compensation Loss Runs," *MyNewMarkets.com*, December 2009; "Employee Risk Management: Reduce Your Workers' Compensation Costs," *AllBusiness.com*, September 2008; Amber Hyman, Andrew Snyder, and Angie Sweeney, "Workers' Compensation in Milwaukee: Analyzing Spending Increases," 2002; Joel Raedeke, "Data Digging: Analytics Provide Risk Managers with Cost-Containment Insight," *Claims*, 2009.

Police Department Can Use Incident Analysis to Prevent Work-Related Injuries

The Police Department should expand its workers' compensation incident analysis to look for annual trends and patterns in injuries, divisions, positions, as well as other groupings that describe the incident data. The department currently reviews incident reports of the most recent month, grouped by service.⁸ By analyzing trends and other patterns in the data groupings, the department may identify injuries that have similar causes that it needs to

⁸ "Service" is the data field that the Police Department uses in its workers' compensation claims software to describe the activity the employee was engaged in at the time of the injury. It includes the categories of injured during arrest, vehicular accident, slip and fall, assault, repetitive motion, other, etc.

address. Fluctuations in patterns may indicate problems that the department needs to address.

The department should reduce the frequency it uses "other" to describe the employee's activity at the time of the workers' compensation injury. Using "other" reduces the number of incidents the department can use for analysis of injuries. In addition to analyzing trends and patterns, the department should benchmark its incidence rate against the Bureau of Labor Statistics workplace injury and illness incidence rate to determine whether the department compares well with other law enforcement entities.

Identifying Incident Trends and Patterns Can Help Police Prevent Workers' Compensation Incidents

The Police Department can expand its incident analysis to help prevent work-related injuries. The department currently reviews a summary of the month's workers' compensation injuries, categorized by what activity the employee was engaged in at the time of the injury. Police staff reports that they use the monthly injury report to try to determine whether there are problems that caused the workers' compensation incident that the department needs to address. The department can expand its incident analysis to look for annual trends and patterns in several groupings of the injury data including the body part injured, the division in which the employee works, the employee's position, and the day of the week of the incident. Additionally, by expanding its analysis to look at annual incident data, trends will be more likely to emerge, and seasonal fluctuations will be reduced.

The Occupational Safety and Health Administration (OSHA) maintains that by analyzing workplace illness and injury trends over time, illnesses and injuries having similar causes may be identified and prevented. OSHA recommends looking for patterns in where the injury occurred, nature of the work, time of day, and type of equipment. Injury and illness patterns can indicate a lack of controls, such as lack of training or poor hiring practices. Implementing one corrective action could reduce or eliminate several incidents having common causal patterns. Increases in incident trends could indicate that a safety problem has developed that the department needs to address. Looking at incident data can also help identify the areas with the fewest incidents. The department can analyze the areas with the fewest incidents to determine differences that may contribute to reduced or limited injuries.

In order to improve the effectiveness of the department's analysis of workers' compensation injuries, the chief of police should ensure the department performs annual trend and pattern analysis of its workers' compensation incident data.

More Detailed Analysis of Incident Data Can Point to Trends and Patterns

To provide the Police Department with examples of how they can analyze workers' compensation injuries for trends and patterns, we analyzed frequency by incident service, frequency of injury by body part, percentage of employees injured by division, percentage of employees injured by position, frequency of incident by day of the week, and frequency of employees involved in multiple incidents. We also compared incidents by body part injury to service, by service and patrol division, and by the day of the week and the time of day.

Analysis of injuries by service can reveal trends and fluctuations. For example, in three of the five years of incident data we reviewed, there were 30 or more physical training/defensive tactic incidents, but for the other two years, there were less than 20. (See Exhibit 4.) Annual trend analysis would allow the department to notice the drop in injuries in 2007 and 2009. If the department investigates why the number of defensive tactic incidents dropped, the department may be able to use this information to reduce training tactic incidents in future years. The department may also want to examine why injuries during arrest have more than doubled between 2005 and 2009.

Exhibit 4. Police Department Incident by Service, Fiscal Year 2005 – 2009

Service	2005	2006	2007	2008	2009
Injured During Arrest	34	56	70	60	82
Other	58	57	56	58	46
Vehicular Accident	50	39	43	61	47
Slip and Fall	39	28	38	34	25
Foot Chase	50	18	23	36	29
Physical Training/Defensive Tactics	31	38	16	30	13
Assault	22	15	24	15	20
Lifting Injury	12	9	9	11	10
Slip and Fall - Weather Related	4	2	17	16	8
Poison Ivy	12	5	5	7	3
Repetitive Motion	7	4	2	0	2
Unknown	0	4	6	2	1
Firearms Training	0	2	4	4	2
Bike Patrol	0	0	0	3	0
Not Applicable	1	0	0	0	0

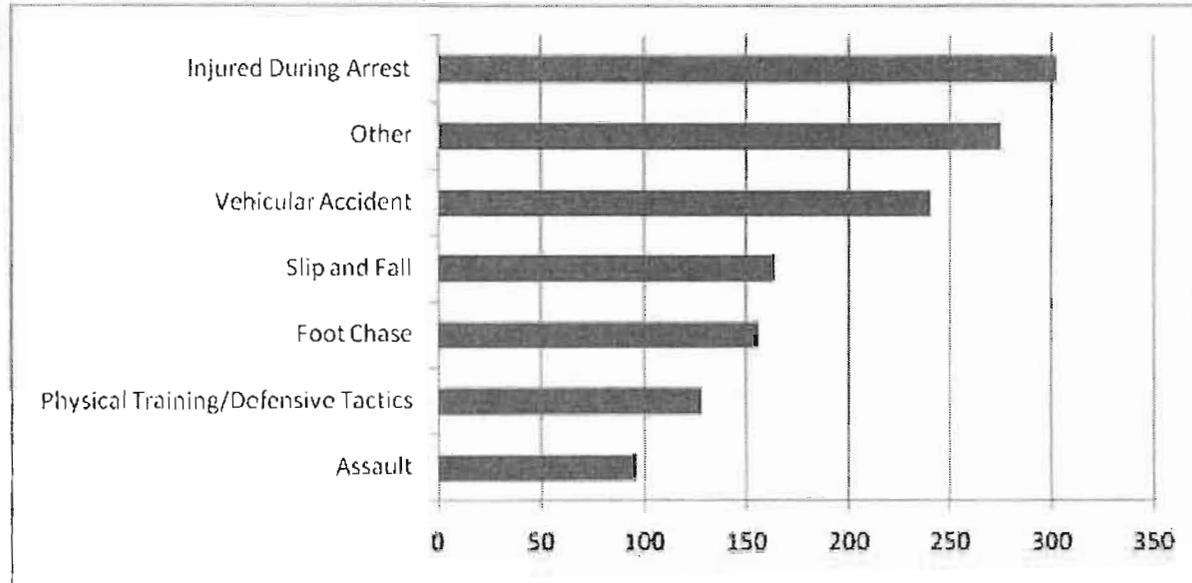
Source: Kansas City, Missouri Police Department Incident Data.

Use of “other” to categorize incidents reduces injury data that the department can analyze. Between 2005 and 2009, the Police Department recorded “other” as the second-most frequently used category in RiskMaster’s⁹ “service” data field. (See Exhibit 5.) When staff records “other” as the category for describing the activity the employee was engaged in at the time of the injury, it reduces the number of incidents that can be used for analysis. In

⁹ RiskMaster is the Police Department’s software used to record workers’ compensation incident and claims data.

order to improve the usefulness of the “service” data field, the chief of police should ensure department staff uses descriptive categories for the data field “service.”

Exhibit 5. Most Frequent Police Department Incident Services between 2005 and 2009



Source: Kansas City, Missouri Police Department Incident Data.

Incident analysis could point to common causes and opportunities to prevent injuries to specific body parts. The department could investigate injuries to specific body parts that have a consistently higher frequency of occurrence or are trending higher in recent years. For example, shoulder injuries more than doubled between 2005 and 2009. (See Exhibit 6.) Further analysis of the increase of these injuries might show a common cause for the increase. Once the department identifies the cause, it could seek opportunities to change how it performs some functions or provide different equipment or training to reduce injuries to this body part.

Exhibit 6. Police Department Body Part Injuries,¹⁰ Fiscal Year 2005 - 2009

Body Part ¹¹	2005	2006	2007	2008	2009
Knee	43	31	49	55	49
Hand	42	34	34	40	44
Finger	29	32	29	28	29
Lower Back	26	22	28	28	24
Ankle	27	18	23	17	26
Shoulder	14	10	26	24	32
Lower Arm	29	18	19	17	13
Neck	14	12	19	30	21
Wrist	24	13	21	27	8
Soft Tissue	19	21	14	16	16
Upper Back Area (Thoracic Area)	14	10	8	26	15
Eye (s)	14	9	11	16	9
Elbow	12	16	5	13	12
Lower Leg	13	7	12	12	14
Multiple Injuries	6	18	14	11	7
Chest	11	7	5	7	6
Hip	6	8	5	11	3
Upper Arm (Including Clavicle and Scapula)	5	9	7	3	9
Head	6	5	7	10	4
Foot	10	4	4	10	2
Abdomen (Including Groin)	7	3	5	4	4
Upper Leg	12	3	2	2	3
Nose	2	6	5	6	0
Mouth	3	3	5	2	3
Unknown	1	2	3	4	3
Ear	2	2	0	1	2
Pelvis	0	1	2	1	1
Toe(s)	0	2	1	1	0

Source: Kansas City, Missouri Police Department Incident Data.

Combined analysis of incident frequency by service and body part injury could help identify needed safety improvements. We identified knee, hand, and finger as body parts that have high frequencies of injuries and sorted them by the service the employees were engaged in at the time of the incident. (See Exhibit 7.) The department could examine why many arresting injuries involved knees, hands, and fingers. Similar causes could suggest safety precautions to take to protect those body parts.

¹⁰ For our analysis, we combined some of the body-part classifications the department currently uses. For example, our finger category includes finger and thumb injuries.

¹¹ More than one body part may be injured in one incident.

Exhibit 7. Body Part Injuries by Service, Fiscal Year 2005 - 2009¹²

Body Part	Injured				Slip and Fall	Vehicular Accident	Total
	Assault	Foot Chase	During Arrest	Other			
Knee	18	38	39	18	55	27	195
Hand	24	38	58	26	16	12	174
Finger	11	8	55	42	10	9	135
Total	53	84	152	86	81	48	504

Source: Kansas City, Missouri Police Department Incident Data.

Disparities in total incident frequencies by division could identify internal “best practices.” The department could compare frequencies of injuries in divisions that perform like duties. For example, Central, East, and Metro Patrol Divisions have the highest percentage of employees involved in workers' compensation incidents averaging at least 21 percent of FTE's while the North Patrol averaged only 8.3 percent. (See Exhibit 8.) The department could try to determine what factors are influencing the rates and creating disparities between the divisions. If these factors are within its control, the department can make changes. For example, if North Patrol has additional safety procedures that other patrol divisions could adopt, it may help reduce its incident frequency. The department could then monitor the frequency to see whether instituting the safety changes affects the rates in the expected way.

¹² For our analysis, we combined some of the body-part classifications the department currently uses. For example, our finger category includes finger and thumb injuries.

Exhibit 8. Police Department Percent of FTEs on Workers' Compensation by Division, Fiscal Year 2005 - 2009

Division	2005	2006	2007	2008	2009	Average Percent
	Injured # (%)					
Central Patrol	53 (24.8%)	48 (22.4%)	57 (27.1%)	56 (25.8%)	57 (25.5%)	25.1%
East Patrol	50 (23.6%)	44 (21.0%)	53 (24.9%)	52 (23.4%)	48 (22.2%)	23.0%
Metro Patrol	51 (26.2%)	34 (17.4%)	46 (23.2%)	45 (22.4%)	37 (19.0%)	21.6%
Shoal Creek Patrol ¹³	N/A	3 (4.9%)	14 (33.3%)	10 (15.9%)	14 (13.9%)	17.0%
South Patrol	15 (12.8%)	16 (13.7%)	19 (16.0%)	17 (14.1%)	14 (12.0%)	13.7%
North Patrol	11 (8.6%)	15 (12.2%)	3 (2.2%)	12 (11.2%)	8 (7.4%)	8.3%
Facilities Management	11 (22.5%)	9 (17.0%)	5 (9.6%)	8 (15.7%)	6 (11.8%)	15.3%
Training	19 (13.7%)	29 (29.3%)	10 (7.3%)	21 (16.2%)	8 (9.6%)	15.2%
Special Operations	14 (10.7%)	10 (8.9%)	17 (13.0%)	18 (13.0%)	20 (14.5%)	12.0%
Narcotics and Vice	11 (13.3%)	5 (5.9%)	11 (13.4%)	13 (14.1%)	11 (12.1%)	11.8%
Investigations Bureau Office	1 (7.1%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	1 (33.3%)	8.1%
Administration Bureau Office	0 (0.0%)	1 (33.3%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	6.7%
Investigations Support	10 (5.7%)	7 (3.9%)	10 (5.6%)	12 (6.6%)	18 (9.7%)	6.3%
Fiscal	5 (5.0%)	7 (6.9%)	4 (4.0%)	7 (6.7%)	5 (4.8%)	5.5%
Board of Police Commissioners	5 (7.9%)	1 (1.5%)	4 (6.0%)	5 (7.0%)	1 (1.4%)	4.8%
Operations Support	5 (3.8%)	7 (5.3%)	4 (3.0%)	8 (6.0%)	7 (5.4%)	4.7%
Violent Crimes	5 (5.0%)	5 (5.0%)	1 (0.9%)	5 (4.6%)	4 (3.5%)	3.8%
Property Crimes	3 (4.6%)	1 (1.5%)	2 (3.0%)	3 (4.5%)	3 (4.2%)	3.6%
Human Resources	2 (5.1%)	1 (3.0%)	1 (3.3%)	0 (0.0%)	0 (0.0%)	2.3%
Information Services	0 (0.0%)	1 (0.9%)	5 (4.4%)	4 (3.6%)	3 (2.6%)	2.3%
Patrol Bureau Office	0 (0.0%)	0 (0.0%)	0 (0.0%)	1 (10.0%)	0 (0.0%)	2.0%
Executive Services Bureau Office	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0.0%

Source: Kansas City Missouri Police Department Incident Data.

Comparisons by division and services could identify variances in similar operations. The department could perform additional analysis of incident frequency by patrol division and service. Central Patrol had 92 injuries during arrests while South Patrol had 16 injuries during arrests. (See Exhibit 9.) It is likely that several factors influence the injury differences between Central and South, such as the number of arrests or calls for service per patrol division. However, further analysis could show that there may be some practices used by South Patrol that Central Patrol could adopt in order to reduce injuries during arrest.

¹³ Staff were not assigned to the Shoal Creek Patrol Division until fiscal year 2006.

Exhibit 9. Top Six Incidents by Patrol Division and Service, Fiscal Year 2005 - 2009

Patrol Division	Assault	Foot Chase	Injured During Arrest	Other	Slip and Fall	Vehicular Accident	Total
Central	20	48	92	37	31	62	290
East	23	50	74	52	28	44	271
Metro	23	34	62	23	18	44	204
South	11	11	16	16	13	16	83
North	1	5	15	15	8	6	50
Shoal Creek	2	3	11	8	4	5	33

Source: Kansas City, Missouri Police Department Incident Data.

Comparing incidents by position could identify unsafe conditions. Despite changes in the frequency of incidents for police officers from 2005 to 2009, the percentage of injured in that position has remained stable. (See Exhibit 10.) However, if a rash of injuries occurred in one position, it could indicate inadequate training, poor hiring practices, or unsafe conditions.

Exhibit 10. Police Department Percent of FTEs on Workers' Compensation by Position, FY 2005 - 2009

Position	2005	2006	2007	2008	2009	Average Percent
	Injured # (%)					
Police Officer	188 (23.2%)	168 (21.2%)	192 (23.4%)	214 (24.3%)	200 (22.6%)	23.0%
Entrant Officer	16 (16.3%)	16 (12.5%)	6 (4.7%)	12 (13.6%)	4 (8.3%)	11.1%
Detention Facility Officer	2 (4.1%)	2 (4.1%)	4 (8.2%)	7 (15.9%)	5 (11.4%)	8.7%
Civilian	36 (5.7%)	34 (5.5%)	32 (5.1%)	33 (5.1%)	32 (5.0%)	5.3%
Sergeant	12 (5.8%)	12 (5.8%)	11 (5.1%)	8 (3.7%)	7 (3.0%)	4.7%
Detective	11 (5.1%)	7 (3.2%)	10 (4.5%)	12 (5.3%)	5 (2.1%)	4.0%
Captain	3 (6.3%)	2 (4.1%)	2 (3.9%)	0 (0.0%)	0 (0.0%)	2.9%
Major	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	1 (5.3%)	1.1%
Deputy Chief	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0.0%
Police Chief	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0 (0.0%)	0.0%
Unknown	2 (N/A)	0 (N/A)	5 (N/A)	7 (N/A)	7 (N/A)	N/A

Sources: Kansas City, Missouri Police Department Incident Data and City Auditor's Office calculations.

Comparing incidents on day of week and time of day may identify addressable problems. A higher frequency of incidents occurring on the first day of the employee's workweek may indicate workers' compensation fraud. Employees who are actually injured when off from work may report the injury at work on the first day back, in order to receive injury benefits.

The department could compare the day of the week incidents occurred against the employees work schedules to determine whether employees are routinely involved in incidents on the first day of their work week.

Tuesdays had the highest frequency of incidents. (See Exhibit 11.) Further examination by the department might determine why workers' compensation incidents occurred most often on Tuesdays, while the frequency of incidents were lowest on the weekends.

Exhibit 11. Incidents by Day of the Week, Fiscal Year 2005 - 2009

Day	2005	2006	2007	2008	2009	Total
Sunday	29	27	31	47	29	163
Monday	48	56	50	47	48	249
Tuesday	52	55	53	54	49	263
Wednesday	53	51	51	50	42	247
Thursday	53	32	56	55	43	239
Friday	45	27	41	49	38	200
Saturday	40	29	31	35	39	174

Source: Kansas City, Missouri Police Department Incident Data.

The department could perform additional analysis to determine the incident frequency by day of the week and by time of day that incidents occur. Incidents occurred most frequently on Monday afternoons and least frequently on Sunday mornings. (See Exhibit 12.) The department may be able to identify conditions on Monday afternoons that contribute to a comparatively high number of injuries. If those factors are under the department's control, the department can make changes to decrease incidents.

Exhibit 12. Number of Incidents by Day of Week and Time of Day,¹⁴
Fiscal Year 2005 - 2009

Day	Morning	Afternoon	Evening	Overnight
Sunday	21	27	69	46
Monday	59	84	70	36
Tuesday	69	79	83	33
Wednesday	65	74	68	40
Thursday	70	73	51	45
Friday	55	55	53	37
Saturday	28	36	54	56

Source: Kansas City, Missouri Police Department Incident Data.

Multiple workers' compensation incidents may signal need for training.

Between fiscal years, 2005 and 2009, 895 employees in the Police Department were involved in 1,476 incidents. Of the 895 employees, 346 were involved in more than one incident. (See Exhibit 13.)

¹⁴ In performing our analysis, we labeled incidents occurring from 6:00 a.m. to 11:59 a.m. as morning incidents; incidents occurring from noon to 5:59 p.m. as afternoon incidents; incidents occurring from 6:00 p.m. to 11:59 p.m. as evening incidents; and incidents occurring from midnight to 5:59 a.m. as overnight incidents.

Employees having multiple workers' compensation injuries, especially when the same employee has more than one injury in a year can be a signal for employee error as opposed to unsafe conditions.

Exhibit 13. No. of Employees with Workers' Comp. Injuries and No. of Injuries They Were Involved In, 2005 - 2009

Number of Employees	Number of injuries
549	1
209	2
82	3
32	4
23	5 or more
Total	895
	1,476

Source: Kansas City, Missouri Police Department Incident.

Benchmarking Incidence Rates Can Improve Management of Workers' Compensation

Benchmarking workers' compensation incidence rates against a similar industry or job type helps show whether the rate is comparable to others performing similar jobs. If the incidence rate is high in comparison to the benchmark, this may signal a problem that an organization can address by implementing practices used by groups having lower rates. Benchmarks can also be used as targets that management can work towards.

The Bureau of Labor Statistics (BLS) reports an incidence rate for local government police protection. The BLS data provides police departments with a nonfatal workplace injury and illness incidence rate benchmark. Between fiscal years 2005 and 2009, the Police Department's incidence rate ranged between 14 and 16.8¹⁵ employees per 100 FTEs. The department's incidence rate in 2008 was 16.8.¹⁶ BLS's incidence rate in 2008, which was the first year it was reported and the most recent data available, was 14.5. This benchmark comparison allows the department to determine whether its rate is unusually high compared to other local police departments or helps identify progress made in preventing work-related injuries and illnesses. In order to monitor the reasonableness of its rate of workplace injuries and illnesses in comparison to other local government police protection, the chief of police should ensure the department calculates the department's incidence rate annually and compares its rate to BLS's workplace injury and illness incidence rate for local government police protection.

¹⁵ Bureau of Labor Statistics calculates incident rates as $(N/EH) \times 200,000$ where N = number of injuries and illnesses; EH = total hours worked by all employees during the calendar year; 200,000 = base for 100 equivalent full-time workers (40 hours per week, 50 weeks per year).

¹⁶ We calculated KCPD's 2008 incident rate by fiscal year. Bureau of Labor Statistics calculates incident rate by calendar year.

Recommendations

1. The chief of police should ensure that the department performs annual cost trend analysis of the department's workers' compensation cost data.
2. The chief of police should ensure that the department performs annual trend and pattern analysis of its workers' compensation incident data.
3. The chief of police should ensure that the department uses a more descriptive category than "other" when completing the "service" data field in RiskMaster to describe the activity the employee was engaged in at the time of the workers' compensation injury.
4. The chief of police should ensure the department annually calculates its workers' compensation incidence rate and compares it to the Bureau of Labor Statistics' workplace injury and illness incidence rate for local government police protection.

Police Department Workers' Compensation

Appendix A

Chief of Police's Response

Police Department Workers' Compensation

Police

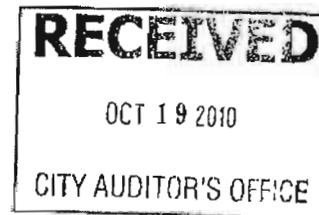
KC/MO

James D. Corwin
Chief of Police

Headquarters Building
1125 Locust
Kansas City, Missouri 64106
(816) 234-5000

October 28, 2010

Mr. Gary White
Office of the City Auditor
21st Floor, City Hall
414 E. 12th St.
Kansas City, MO 64106



Dear Mr. White,

I have reviewed the City Auditor's findings and recommendations for the *Performance Audit Police Department Worker's Compensation* and offer the following comments.

Recommendation 1: The Chief of Police should ensure that the department performs annual cost trend analysis of the department's workers' compensation cost data.

Recommendation 2: The Chief of Police should ensure that the department performs annual trend and pattern analysis of its workers' compensation incident data.

Recommendation 4: The Chief of Police should ensure the department annually calculates its workers' compensation incidence rate and compares it to the Bureau of Labor Statistics' workplace and illness incidence rate for local government police protection.

Response: I agree that it would be helpful to department management to have an annual analysis report of workers' compensation data as described above. Therefore, I have assigned the Internal Audit Unit the responsibility of producing such a report beginning in 2011 using the 2010 data. Currently, the Internal Audit Unit produces annual reports with analysis for preventable accidents; response to resistance; and car chases. This new report would add to and strengthen our efforts to reduce departmental risk.

In regard to making comparisons with other police agencies (recommendation 4) it is my opinion that such comparisons have limited value. There are over 17,000 policing agencies in this country and most are well under 50 officers and police a large variety of geography and populations. Using a national average statistic based on all local police agencies may not be representative of the experiences of major city police departments. A better comparison can be made using similar size departments in similar environments.

Recommendation 3: The Chief of Police should ensure that the department uses a more descriptive category than "other" when completing the "service" data field in RiskMaster to describe the activity the employee was engaged in at the time of the workers' compensation injury.

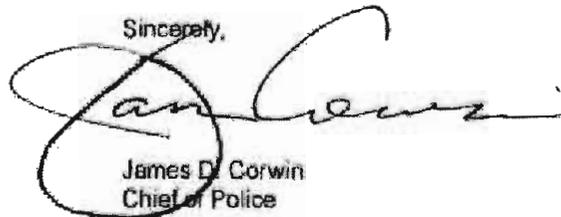
Response: I agree and the following changes have been made in the RiskMaster reporting process. The following five new discrete categories have been added: foreign object in eye; injury caused by uneven surface; dog bite; injury caused by sharp object; exposure to toxic substances. These categories represent the most frequently encountered causes which were previously reported as "other".

Additional Comments: I make the following comments in regard to specific areas within the audit:

- Exhibit 1, page 7, reflects a percentage change of 31.2% in medical claims from 2005 through 2009. I believe the information should be presented in an average annualized percentage increase since the figure of 31.2% seems excessive until it is considered that the average annual growth of medical claims is probably reflective of the average growth in medical costs nationwide.
- Exhibit 1, page 7, reflects self-insurance escrow costs of \$700,000 in 2008 compared to \$157,720 in 2007. The report should note that 2008 costs resulted from the Board's decision to self-fund \$700,000 in escrow costs in lieu of paying a 3rd party to insure the amount since the 3rd required the Police Department to provide a financial instrument for escrow costs above the \$700,000 figure.
- Exhibit 8, page 15, reflects injuries by division suggesting comparison of CPD, MPD, and EPD against NPD since this division has a lower incident rate. I believe that any analysis should focus urban core division versus urban core division. Conversely, NPD should be compared to SPD and SCPD only. Oftentimes, the Police Department, as a whole, is compared against other agencies when there are no similarities between the two. Any analysis should avoid this on a micro level. Moreover, any benchmarking done on an agency level concerning an ongoing workers' compensation analysis should avoid the same.

Finally, I wish to express my thanks to you and your staff for your work on this audit which will be very helpful to us in providing due diligence and oversight of our injury experience.

Sincerely,



James D. Corwin
Chief of Police