



Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

OPERATIONS COMMITTEE

April 18, 2001

FINANCE AND BUDGET COMMITTEE

April 19, 2001

SUBJECT: WORKERS' COMPENSATION QUARTERLY REPORT

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file workers' compensation status report for the third quarter of FY01.

DISCUSSION

Average monthly new claims (230) were higher than the previous quarter (183) but lower than the same period last year (241). Significantly, the percentage of claims that involve lost time decreased to 58% from 68% last quarter and 73% for the same period last year.

Average monthly payments decreased by 3% from last quarter. Although medical payments increased indemnity payments, benefits paid to the injured workers, decreased by 11% from last quarter and 3% from same period last year.

Breakdown of Indemnity, Medical and Expense Payments

Average Monthly Payments (thousands)	December through February 01	September through November 00	December through February 00
Indemnity	\$ 1,925	\$ 2,170	\$ 1,990
Medical	1609	1,531	1,453
Allocated expenses	719	670	627
Total	\$ 4,253	\$ 4,371	\$ 4,070

The number of employees out on temporary disability decreased to 419, from 434 reported last quarter—a decrease of 3.5%. The Transitional Duty Program (TDP) is designed to expedite return-to-work on a modified duty basis. TDP was implemented in January 1999 and since then 1,099 employees have participated in the program. Of those, 655 have returned to their normal duties. TDP participants are returning to normal duties 47% faster than anticipated by their treating physicians. As of February 28, 2001, temporary disability savings totaled \$2,138,789. A significant number of employees (40%) return to long-term leave from TDP. We are re-evaluating the program to find ways to reduce that number.

Recognition Programs

As reported previously, Bus Operations Maintenance Division 3 had a lost time-free 4th quarter in fiscal year 2000. On February 1, Risk Management presented a plaque to Maintenance Manager Milo Victoria to mark the achievement and transformed the maintenance garage into a banquet hall with a Bar-B-Cue meal for all employees.

On March 31, at the second annual recognition banquet we recognized bus and train operators and mechanics whose records qualify them as “best of the best”. To qualify, these employees must meet stringent criteria including safe work habits and excellent customer service. 40 bus operators, 7 train operators and 5 mechanics received awards ranging from specially designed jackets and recognition plaques to gift certificates for repeat qualifiers.

Self-insured claims

The number of open self-insured claims decreased to 2,386. Last quarter we reported that PricewaterhouseCoopers (PwC) conducted an independent audit of Travelers' claims handling practices. PwC identified opportunities for improvements and recommended that the MTA and Travelers enhance their coordinated claims management activities. We have analyzed their recommendations and are working with Travelers to implement them. Some of the significant areas identified for improvement include:

- Medical management, including methods to increase utilization of the physician network;
- Disability management, including utilizing the transitional duty program;
- Litigation management, including methods to reduce litigation and the control of defense costs;
- Reserve reviews to determine if any component of a claim has been resolved so that the case reserves can be reduced where appropriate.

Special Investigations Unit (SIU)

Travelers SIU has 8 investigators assigned to MTA. These investigators receive referrals from the Claims Department, MTA personnel, or through their own methods of profiling of potential fraudulent claimants and vendors. The investigations may result in fraud referrals to the local District Attorney for criminal prosecution, denial of claim, or validating the alleged injury.

In the months of December 2000 through February 2001, SIU received a total of 137 referrals. 54 referrals were to determine whether the injuries were arising out of employment or in the course of employment to determine compensability. 83 were for surveillance, activity checks, or in response to courtesy calls to check extent of claimants' injuries. Of the 83 referrals for surveillance, 25 were on self-insured files.

Since September 1998, SIU has received a total of 1,167 referrals. 463 of these were to determine whether the injuries were arising out of employment or in the course of employment to determine compensability. The remaining 704 were for surveillance, activity checks, or in response to courtesy calls to check extent of claimants' injuries.

To date, 13 cases have been referred to the District Attorney for criminal prosecution. Of these, 2 cases were rejected, 2 were prosecuted and 9 are still pending. SIU is also investigating 11 medical providers, 1 pharmacy, 2 chiropractors and 2 attorneys for possible fraud referrals to the District Attorney.

In January, a bus operator was terminated for "gross misconduct" following an investigation by Travelers that revealed the employee had perjured himself in a deposition regarding his ability to work following his industrial injury.

On March 9, the LAPD Transit Group detectives arrested and booked a bus operator for eight counts of felony Workers' Compensation Fraud and one count of filing a false police report. This was the end result of an investigation starting in late December of 2000 concerning an alleged robbery at gunpoint. Travelers assisted the detectives in the filing at the District Attorney's office.

Agency-wide Focus

Last quarter, we reported that Transit Operations, Systems Safety, Risk Management and Labor Relations with over-sight provided by the Office of the CEO, have developed a comprehensive action plan to address workers compensation at the agency. The plan aggressively attacks workers compensation issues from all possible avenues.

The four major goals of the plan are the following:

1. Improve work place safety
2. Reduce the number of new injuries
3. Reduce time lost as a result of injuries and,
4. Reduce the cost of claims.

The plan establishes performance goals for each operating unit with specific goals for reducing injuries, lost days, traffic accidents and the associated costs.

We have begun implementation of the plan and will eventually hire a safety consultant to assist us to reach our goals. We will update you on progress toward meeting the goals each quarter as part of this report.

Workers' Compensation Coverage Renewal

The Travelers program will expire on August 31, 2001. Aon Risk Services is marketing the coverage for the period beginning September 1, 2001. After receiving quotes in April, the proposals will be evaluated on the basis of the qualifications of the firms, proposed services and premiums. We will analyze the cost/benefit of the best insurance proposals compared to a self-insured program.

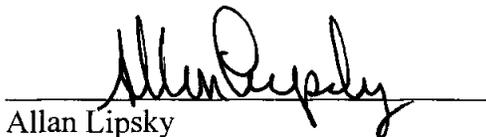
On a parallel track, an RFP has been issued for claims administration services to prepare for the possibility of returning to self-insurance. Staff will make a recommendation to the Board in July for the new program.



Roobik Galoosian
Managing Director
Risk Management



Richard D. Brumbaugh
Chief Financial Officer



Allan Lipsky
Office of the Chief Executive Officer



April 11, 2001

#13
handout

Metropolitan
Transportation
Authority

Mr. James Williams
General Chairman
United Transportation Union
15999 Cypress Avenue
Irwindale, CA 91706

One Gateway Plaza
Los Angeles, CA
90012-2952

Subject: Labor/Management Safety Oversight Committee

Dear Mr. Williams:

The MTA is working hard to improve our safety record and reduce the number of work-related injuries MTA employees' experience. Over the last ten years, workers' compensation injuries have more than tripled. Financially, it is a disaster for the agency and is draining precious resources from our operating budget.

Transit Operations, the Office of System Safety and Security, and Risk Management have developed a draft Accident and Loss Prevention Plan to address this serious problem in order to ultimately reverse this negative trend. Our goals are to improve the safety of the work environment, improve our assistance to employees who are off work due to injury, and to reduce the number of lost time injuries and associated cost of those injuries.

A major component of the draft plan is the Labor/Management Safety Oversight Committee and Local Safety Committee at each division that was agreed to during the recent contract negotiation. We have attached for your review a draft charter to describe how the committees may be organized and what role they will play.

I am formally inviting you and the leadership of the ATU and TCU to participate with MTA executive management as member of the Authority Safety Oversight Committee. We will coordinate a kick-off meeting at our offices to discuss the implementation of these committees. Staff will call your offices early next week to set up a meeting time that is mutually agreeable to all parties.

To be truly effective in reducing workplace injuries, labor and management must partner. Thank you for your continued support and participation.

Sincerely,

A handwritten signature in black ink that reads "Allan Lipsky".

Allan Lipsky
Chief Operating Officer

Attachment

Cc: Dick Brumbaugh
Tom Conner
Brenda Diederichs

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION
AUTHORITY SAFETY OVERSIGHT COMMITTEE
DRAFT CHARTER
April 12, 2001**

INTRODUCTION

The recently authorized Labor Agreements with MTA 's operating Unions recognize, for the first time, the need for a joint labor-management approach to attacking the rising cost and severity of Worker's Compensation injuries and the impact on the viability of the Authority.

All of the Unions agreed, in principle, to launch safety committees as part of the new Labor Agreements to improve the quality of administering benefits to employees who are injured, seek ways to improve the safety environment for our employees and co-workers, and reduce the cost of claims and other associated expenses. The areas selected for action include: staff training, the hiring of a neutral Ombudsperson, making improvements to the Physician's network, implementation of safety oversight committees, and the preparation of handbooks and materials for distribution.

It has long been understood that prevention is the first and foremost defense against injuries. Once injuries occur, however, it is imperative to obtain quality medical care as fast as possible so that the employee can return to normal duties as quickly as possible. A third avenue is to seek improvements in how employees are treated once in the system. Delays in obtaining treatment or lengthy review procedures may give rise to unwanted and untimely calls for litigating issues when reasonable approaches short of legal action cannot be readily obtained.

As an agency, we need to find the means to settle issues through the use of alternative dispute resolution techniques that safeguard the employee's rights and uphold Authority's responsibilities as well as reduce the time needed to restore the individual to health. This program is founded on the assumption that the employee wants to

return to work and that the Authority will vigorously pursue that goal in partnership with the employee.

A final avenue that must be explored deals with issues of abuse and alleged fraud. No one benefits from Worker's Compensation abuse. The MTA is not intending to invest huge sums of money to prosecute employees nor is the Authority interested in continuing to pay substantial financial benefits to people who aren't in need of support. This condition harms the financial capacity of the Authority and places all of our employees' jobs in jeopardy.

Hence, the agency is seeking a four-pronged approach to reducing the injury rate and the financial burden, while at the same time ensuring that our employees receive appropriate and timely care after injury.

SAFETY OVERSIGHT COMMITTEE

Local Safety Oversight Committees (Division level) and an Oversight Committee are to be established to "...implement the Worker's Compensation training and oversight program...."***The Safety Committees will be charged with developing and implementing the goals set by each Local Safety Committee [LSC] and the Safety Oversight Committee [SOC].***

In developing its budget for FY'02, MTA staff has proposed the following objectives:

1. **Forge a new partnership between labor and management to achieve reductions in work related illness and injury.** The Safety Oversight Committee (SOC) will provide direct support in accomplishing the remaining objectives.
2. **Increase accountability for the safety environment and adherence to safety rules, procedures, practices and protocols.** Employees and Management alike must have the requisite amount of safety training and be willing to establish a culture that once trained, everyone will participate in insuring that safe practices are followed. This

means, for example, that employees will exercise care while operating through or in the divisions and that safety gear will be worn at appropriate times. It also means that our employees will watch out for each other and take the time to remedy an immediate safety problem. It means changing the culture of the organization away from management's vs. labor's responsibility to recognizing that everyone, collectively, is responsible for safety.

3. **Obtain the services of a neutral 3rd party, mutually selected by the Unions and the MTA.** This individual, group, or firm, will individually or singly be referred to as the Ombudsperson. The Ombudsperson will facilitate the processing of claims, coordinate questions and responses between the injured employees and the claims administrator and the MTA.
4. **Reduce the number of lost workdays by 10% from the previous year.**
5. **Reduce "new" work related illness/injury by 10% per year over the previous year.**
6. **Reduce Bus and Rail traffic accidents by 5% per year over the previous year.**
7. **Provide more timely and effective claims processing and medical treatment for our employees.**
8. **Provide more timely and effective claims processing, fraud investigation, return to work.**
9. **Provide assistance to the Division Manager to manage loss prevention programs at all Divisions.**

Safety Oversight Committee

The role of the **Safety Oversight Committee** will be to:

1. Engage the leadership of each organization in promoting safety and safe practices to reduce the incidence of workplace illness or injury.
2. Provide framework and agendas for Local Safety Committees discussed below.
3. Work jointly to select an Ombudsperson.

4. Seek the development of standards for timely resolution of issues relating to the program to include, but not be limited to, alternative forms of dispute resolution, work to return employees to full duty status as soon as possible, and review the available training programs related to safe operation of vehicles on street and for passengers.
5. Seek improvements in the administration and management of claims.
6. Seeks improvements in the management of employee absences, without regard to cause, as well as the management of employees on long term leave
7. Participate in joint labor-management programs with representatives of labor and management from other agencies who have experience and “best practices” to share with our employees and staff.
8. Review activities of Local Oversight Committees to insure implementation of agreed to changes.
9. Develop and/or refine, in concert with the MTA, a “treating physicians network,” to insure the swift and quality medical treatment of illnesses and injuries.

The membership of the **Safety Oversight Committee** will include:

- Executive Officer, Transit Operations - MTA
- General Chairman/President / Chief Executive of the UTU, ATU, TCU
- Executive Officer, Labor Relations - MTA
- Chief Financial Officer - MTA
- Managing Director of Risk Management - MTA
- Managing Director of the Office of Safety and Security - MTA

Local Safety Committee

The role of the **Local Safety Committee** will be to:

1. Engage the leadership of Transportation, Maintenance, and Non-Contract work groups in promoting safety and safe practices to reduce the incidence of workplace illness or injury.

2. Review Division/location safety practices and make recommendations for resolution.
3. Monitor the performance of the Division / location and set courses on how best to reduce the incidence of injury. This includes the identification of hazards and their resolution.
4. Focusing on overall absence management with the aim to reduce the number of lost days due to illness or injury
5. Design and Implement a program to manage employees that are on long-term leave to insure that they are treated appropriately and that back to work plans are customized to best fit their needs.
6. Work with Ombudsperson to answer questions and seek resolution of issues on a local level.
7. Identify and implement accident prevention programs.

The membership of the **Local Safety Committee** will include:

- Deputy Executive Officer (or representative) for Transit Operations
- Division or Location Managers -- (Transportation & Maintenance)
- Local Chairmen/Union Officers from UTU, ATU, TCU
- Representatives from UTU, ATU, TCU on-site
- Senior TOS – Vehicle Operations
- Senior TOS – Instruction
- Risk Management Department Representative
- Safety Department Representative