Financial Administrator Development Program

Risk Management and Workers Compensation

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What is Risk Management?

• “The practice of identifying and analyzing loss exposures and taking steps to minimize the financial impact of the risks they impose”

• Options for dealing with risks
  • Transfer = Insurance or Contract
  • Retain = Self-Insurance
  • Control = Prevention/Reduction
  • Avoid = Do not proceed
Risk Management - Areas of Concentration

- Property / Casualty Insurance
- Self-insurance Programs
- Review of Contractual Agreements
- Loss Prevention / Reduction
- Consultation with outside entities, MSU operating units, colleges, faculty and staff
- Claims handling
How do you reduce the amount of damage from fires?

Sprinklers

Storage Configuration
Physical Flood Risk Loss Prevention / Reduction
HESCO Barriers

- MSU has purchased HESCO Barriers for flood protection. HESCO barriers are durable, and require significantly less materials and man hours to install vs. sandbags.
Examples of consultations

• Volunteer activities (who are they and what are the duties?)
• Equipment loans (expensive items)
• Driving records (what is acceptable?)
• Safety concerns (danger to people or property)
• Insurance questions (technical questions requiring research)
• Activity proposals (you are going to do what?)
• Contract terms (nature of the agreement, indemnification, insurance)
• Crossovers (e.g. Human Resources, General Counsel)
Nature of Consultations

- Exposure Reviews: 288
- Claims: 308
- Contract Reviews: 270
- International: 90
- Certificates of Insurance: 101
- Insurance Coverage: 270
- MSU Policy Interpretation: 140
- Other: 61
- Driving Issues: 16
- Campus Activity Approvals: 39

2015 Total: 1,583
Self-Insured Levels Increased to Realize Lowest Cost for University

- Property-Main: $100k, $250k
- Property-Power Plant: $100k
- Property-Flood: $100k
- Medical Malpractice: $200k
- General Liability: $225k
- Auto Liability: $0
- Educators Legal Liability: $225k

$2 million (2000 Self-Insured Level)
$5 million (2015 Self-Insured Level)
Loss Prevention $325,310
Medical Malpractice $1,611,394
Other Self-Insurance $600,000
Other Insurance $753,769
General/ Auto Liability Insurance $246,413
Property Insurance $1,292,116

Total: $4,829,002
2015-2016
Breakdown of “Other” Insurance

Total: $753,769
Property Insurance Premiums

Comments:
1. If rates stay constant, premiums still increase over time as replacement cost values increase.
2. Membership credits depend on the financial results of the property insurer.
Questions?

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Phone: (517) 355-5022

Email: riskmgmt@msu.edu

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Overview of MSU Workers’ Compensation Process

- Self-insured; self administered
- Eligibility: who is and isn’t covered
- Incident occurs
- Assess need for medical treatment
- Complete “Authorization To Invoice MSU”
- Complete “Report of Claimed Occupational Injury or Illness” form
Overview of MSU Workers’ Compensation Process

• Outcome of medical treatment
  - Return to work
  - Return to work with restrictions
  - No return

• WC pays medical expenses

• WC processes loss time

• WC makes adjustments in SAP
MSU Workers’ Compensation Costs 2.2 Million for FY 2014-2015

- Indemnity: $897,816
- Medical: $865,133
- Rehabilitation: $139,875
- Other: $165,064
- Loss Adjustment Expense: $167,883
1,001 Claims for Calendar Year 2015

- Others: 388
- RHS: 418
- IPF: 195
Type Of Claims For Calendar Year 2015

- **First Aid**: 487
- **Indemnity**: 41
- **Medical**: 473
Total Cost for Calendar Year 2015

- **Others**: $812,045.83
- **RHS**: $603,722.13
- **IPF**: $689,193.33
- **Total**: $2,104,961.29
Cost and Claims
2005-2015 Calendar Year

Cost in Millions (all claims)

Years
Cost
2.48 2.65 2.26 2.69 2.29 2.87 2.99 2.57 3.22 2.75 2.1

Number of Claims
1009 1038 1000 1054 926 981 922 1089 1017 934 1001

Total Cost in Millions (All Claims)
Number of Claims Per Body Part(s)
For Calendar Year 2012, 2013, 2014

- Knees: 78, 77, 64
- Arms/Elbows: 101, 98, 63
- Head/Eyes/Neck: 142, 173, 153
- Back: 96, 83, 115
- Shoulder: 58, 48, 54
- Foot/Ankle: 76, 81, 72
- Hands/Fingers/Wrists: 403, 373, 324
- Legs/Grain: 46, 54, 52
Average Cost Per Body Part(s)
Calendar Year 2012, 2013, 2014

A 2014 car accident resulting in five claims ($470,000 total) is difficult to chart and will be discussed.
Questions?

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Discussion Topic

2014 Car Accident in Michigan

- Involved 5 employees who were traveling for a work related project
- Necessary coordination between WC and RM offices
- Total Costs to Date - $504,855
  - Medical Costs - $347,337
  - Lost Time - $49,362 ($38,023 WC, $11,339 Auto No-Fault)
  - Physical Damage To Vehicle- $13,500
- Department paid for personal items
Top Six
Best Practices

1. Go to our websites or contact our offices when you need assistance

2. Submit reports and records in a timely matter

3. “See Something, Say Something!”

4. Promote injured employees return to work

5. Make safety a priority

6. Ask questions if you don’t know