



INFORMATION REPORT

TO: Chair and Members of Audit, Finance & Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: April 6, 2011	
SUBJECT/REPORT NO: Return to Work Services Performance Measures (HUR11003) – (City Wide)	
SUBMITTED BY: Chris Murray, City Manager	PREPARED BY: Helen Hale Tomasik Ext. 4155 David Lindeman Ext. 5657
SIGNATURE:	

Council Direction:

At the May 10, 2010 Committee of the Whole, the Committee approved the Return-to-Work Services Enhancement (HUR10001) (City Wide) and Human Resources staff was directed to report to Audit & Administration Committee on a quarterly basis on budget reductions and savings resulting from the Return to Work Services program enhancement through the addition of an Occupational Health Nurse and a Return to Work Services Assistant.

This report provides an overview of what staff has measured over the last year to establish a baseline for monitoring the impact of the Return to Work Services program enhancement.

Executive Summary:

The effectiveness of Disability Management Programs is measured through lost productivity measures such as days lost to short-term disability (STD), long-term disability absences (LTD) and days lost to workplace injuries and illnesses (WSIB days). This report summarizes the lost productivity measures over the last 4 years in days lost as well as total costs due to these absences.

In 2010, the average sick days (STD) for eligible employees dropped from 10.07 to 9.68 days (which represents a total reduction of 2,536 days across the organization). Since 2008, the costs of STD absences has remained steady while the sick absence costs measured as a percentage of payroll dropped from 3.7% in 2009 to 3.4% in 2010. Since 2008, there has been an average drop of one day per employee in STD absences.

With respect to LTD, there has been a drop in both number of days lost and cost of LTD absences in 2010. WSIB lost time injury numbers and costs have declined every year (2007 to 2010). The number of WSIB days lost has been fluctuating yearly during the same time period.

In 2010, the total lost productivity costs of STD, LTD and WSIB dropped by \$341,281 from 2009. The annualized cost of the Return to Work Services enhancement is \$197,000 (gross) and \$34,819 (net) as most of the enhancement is financed through the LTD and WSIB reserves.

The costs associated with the above performance measures, tracked by Return to Work (RTW) Services, do not include any additional costs incurred by the departments in their efforts to mitigate the impact of employee absences. These additional costs include:

- additional staffing through overtime, or temporary staff replacements
- delays arising from rescheduling work,
- re-training associated with new or transferred employees,
- additional lost productivity if the work cannot be reassigned or results in unmanageable work loads,
- diminished morale or turnover resulting from pressures related to work re-distribution, and
- opportunity cost.

The costs incurred by departments to mitigate the impact of employee absences are not tracked by Human Resources due to limitations in our current technology. Human Resources can therefore not report on direct budget savings resulting from the Return to Work Services program enhancement. Most organizations apply a factor of at least 4 on the lost productivity costs to estimate the overall cost of absenteeism to the organization¹.

Until such time as the City has technology to directly monitor time and attendance along with work scheduling, Human Resources will not be able to identify corporate-wide budget savings. In the interim, Human Resources and Public Works are planning to pilot a mechanism to track the cost of overtime that arises when employees are off work due to injury or illness with a view to expanding this tracking to the entire organization. In addition, with the implementation of the Kronos time, attendance and scheduling system in the Water, Wastewater Division, Human Resources will also partner with this division to track the cost of employee replacement due to absenteeism. The Homes for the Aged are scheduled for a Kronos technology enhancement in 2011 and it is the long term plan to introduce time, attendance and scheduling technology across the entire organization as part of our corporate workforce management strategy.

¹ The Business Case for Health & Safety – Canadian Manufacturers and Exporters, (October 2001)

This report covers the last five quarters up to and including Q4 in 2010. Yearly totals for the period 2007 to 2010 are also provided. Because of the seasonal fluctuation of STD absences and the fact that WSIB quarterly costs do not correlate with the absences in the quarter, staff will also provide an annual summary so that year over year trends can be analyzed.

It will be important to monitor the STD, LTD and WSIB trends overtime at the City along with comparator organizations, as indications are that we can expect increased occurrences and increased costs with an aging workforce. With the collaboration of all stakeholders - Return to Work Services staff, management in all departments, our employees and our unions, we can strive to drop or maintain the costs associated with absenteeism. By collecting and analyzing disability management performance measures, we will be in a better position to develop intervention strategies and realistic objectives that align with the functions and composition of our workforce.

Background:

The City provides income protection for employees who must lose time from work due to injury or illness. The City needs to ensure that these benefits are used appropriately and employees are supported in ways that keep them at work or return them to work as early and safely as possible.

Effective disability management allows the employees to continue making a valuable contribution to the organization while increasing overall worker morale and reducing costs. A well designed disability management program can shorten or even prevent employee absences and maintain productivity. Disability management programs are enhanced by workplace wellness, employee and family assistance and health and safety programs. Together, they provide an integrated approach to preventing and controlling occupational and non-occupational disabilities.

Return to Work Services is a trusted and confidential resource that promotes employee health and recovery from illness and injury through early intervention, active case management and early and safety return to work opportunities. The team works in collaboration with employees, managers, supervisors, unions and the medical community while adhering to legislation, internal policies, collective agreements, best practices and professional standards. The goal is to support the City in its efforts to support workers to stay at work and to ensure timely return from absences.

Our disability management approach requires diligent and timely attention to all claims by Return to Work (RTW) Services from the first day of absence, through collection of claim-related information, to a period of time after workers return to work if they have been off due to illness or injury. The RTW Services staff ensures that ill or injured employees are not being overpaid or underpaid and absences do not extend beyond reasonable return-to-work timelines.

In addition, RTW Services staff monitors compliance with the Attendance Support Management Plan (ASMP). Employees who have 7 or more days of absence or 4 or more occurrences in a 12 month period trigger into the ASMP. RTW Services also provides Senior Management Team members with reports on the absenteeism within their respective departments and the status of interviews to be completed with employees who have triggered into the ASMP.

These efforts were enhanced through the approval of a RTW Services Assistant and an Occupational Health Nurse in 2010. In 2010, the enhancement request totalled \$206,000 (gross) and the budget has been reduced to \$197,000 (gross) in 2011 (\$34,819 net). In September 2010, the RTW Services Assistant began providing support to the RTW Services section and the position of Occupational Health Nurse was filled at the end of November 2010. For more information on the responsibilities of Return to Work Services staff, refer to Appendix A.

Disability Management Performance Measures of Employee Productivity

The City's objective is to help employees stay healthy and remain at work and to return injured and ill employees back to work as quickly and safely as possible. Human Resources staff has established the performance measures in Table 1 to help determine how successful we as a City are at meeting this objective as well as to track absences and associated costs. These measurements relate to short-term sick absences (STD), long-term sick absences (LTD) and absences related to occupational injury and illness (WSIB). These metrics measure the lost productivity created by an employee's absence. In general, any employee absence will result in lost productivity in the workplace as work goes uncompleted.

Improvement in these performance measures is the responsibility of RTW Services, management in all departments, our employees and our unions.

Table 1 Performance Measurements for Disability Management

Measurement	Rationale
Short-term Disability (STD)	
Days lost to sick absences Avg. sick days per eligible employee ²	RTW activities will return injured and ill employees back to work sooner reducing the number of claims that reach 6 days and go longer
Total cost of sick benefits paid to absent employees	Fewer lost days will result in lower STD costs
Workplace Safety and Insurance Board (WSIB)	
WSIB Days Lost for All Claims WSIB Days Lost for New Claims Avg. WSIB Days Lost per New Claim	RTW staff activities will return injured and ill employees back to work sooner
WSIB Costs for New Claims WSIB Costs Paid for All Claims	Fewer lost days will result in lower WSIB costs
Long-term Disability (LTD)	
# of new LTD Claims # of active claims	RTW activities prevent short-term disabilities from becoming long-term disabilities
Days lost for LTD claims Total cost of LTD	RTW activities prevent short-term disabilities from becoming long-term disabilities and facilitate RTW for active claims

The costs associated with the employee productivity performance measures, tracked by RTW Services, do not include any additional costs incurred by the departments in their efforts to mitigate the impact of employee absences over and above the income protection benefits paid to the absent employees. These additional costs include:

- additional staffing through overtime, or temporary staff replacements
- delays arising from rescheduling work,
- re-training associated with new or transferred employees,
- additional lost productivity if the work cannot be reassigned or results in unmanageable work loads,
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² employees who have access to Income Protection Plans (paid sick leave)

Until such time as the City has technology to directly monitor time and attendance along with work scheduling, Human Resources will not be able to identify corporate-wide budget savings. In the interim, Human Resources and Public Works are planning to pilot a mechanism to track the cost of overtime that arises when employees are off work due to injury or illness with a view to expanding this tracking to the entire organization. In addition, with the implementation of the Kronos time, attendance and scheduling system in the Water, Wastewater Division, Human Resources will also partner with this division to track the cost of employee replacement due to absenteeism. The Homes for the Aged are scheduled for a Kronos technology enhancement in 2011 and it is the long term plan to introduce time, attendance and scheduling technology across the organization as part of our corporate workforce management strategy.

This report covers the last five quarters up to and including Q4 in 2010. Yearly totals for the period 2007 to 2010 are also provided. Because of the seasonal fluctuation of STD absences and the fact that WSIB quarterly costs do not correlate with the absences in the quarter, staff will also provide an annual summary so that year over year trends can be analyzed.

It will be important to monitor the STD, LTD and WSIB trends overtime at the City along with comparator organizations, as indications are that we can expect increased occurrences and increased costs with an aging workforce. With the collaboration of all stakeholders - Return to Work Services staff, management in all departments, our employees and our unions, we can strive to drop or maintain the costs associated with absenteeism. By collecting and analyzing disability management performance measures, we will be in a better position to develop intervention strategies and realistic objectives that align with the functions and composition of our workforce.

Lost Productivity (2007– 2010) Due to Employee Absenteeism

The following Table 2 shows the costs for paying benefits to absent employees for the years 2007 to 2010 and Table 3 shows the days lost due to STDs, LTDs and occupational injuries and illnesses (WSIB).

Table 2: Lost Productivity (measured in direct costs of absences)

Year	STD Costs as a % of payroll	STD Costs	LTD Costs	WSIB Costs	Total Costs
2007	3.2%	\$10,130,865	\$1,717,127	\$7,592,862	\$19,440,854
2008	3.4%	\$11,184,796	\$1,840,222	\$7,277,622	\$20,302,640
2009	3.7%	\$11,199,028	\$1,978,369	\$7,187,551	\$20,364,948
2010	3.4%	\$11,274,358	\$1,658,598	\$7,090,711	\$20,023,667

Table 3: Lost Productivity (measured in days lost to absences)

Year	Avg. STD Days for Eligible Employee*	STD days (all active employees)	LTD Days (active employees)	WSIB days (active employees)	Total days (STD + LTD + WSIB)
2007	10.15	53,647	10,000	10,290	73,937
2008	10.69	57,951	12,966	11,469	82,386
2009	10.07	56,500	13,601	10,102	80,203
2010	9.68	53,964	10,701	11,163	75,828

STD: Short-term Disability; LTD: Long-term Disability; WSIB: Workplace Safety and Insurance Board

* Eligible Employee: employees who have access to Income Protection Plans (paid sick leave)

In 2010, the total costs of STD, LTD and WSIB dropped by \$341,281 from 2009. The annualized cost of the Return to Work Services enhancement is \$197,000 (gross) and \$34,819 (net) as most of the enhancement is financed through the LTD and WSIB reserves.

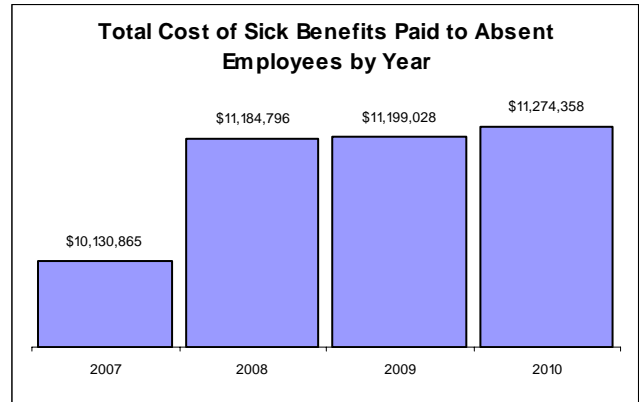
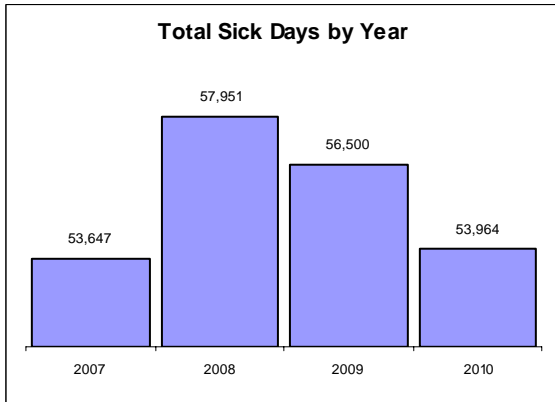
In 2010, the average sick days (STD) for eligible employees dropped from 10.07 to 9.68 days (which represents a total reduction of 2,536 days across the organization). Since 2008, the costs of STD absences has remained steady while the sick absence costs measured as a percentage of payroll dropped from 3.7% in 2009 to 3.4% in 2010. Since 2008, the annual total days lost to short-term sick absences (STD) has dropped by nearly 4,000 days, an average drop of one day per employee.

With respect to LTDs, there has been a drop in both number of days lost and cost of LTD absence in 2010.

While the WSIB Lost Time Injuries have declined year over year since 2007, the number of WSIB days has been fluctuating yearly. Work related lost-time injuries are down over 10% from 2007 to 2010. However, the days lost to WSIB absences are up in 2010.

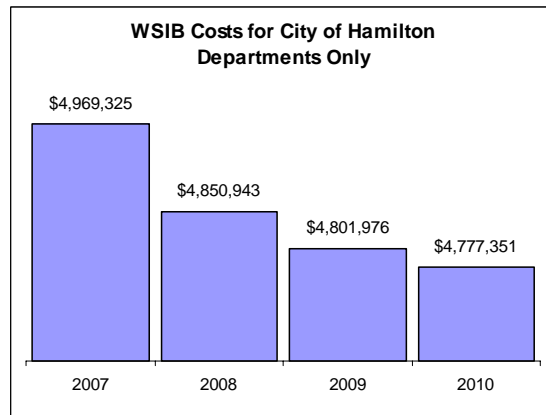
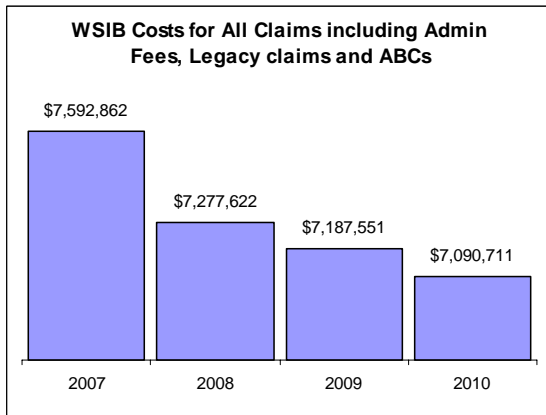
The data and trends from Tables 2 and 3 are provided graphically in the following charts.

STD

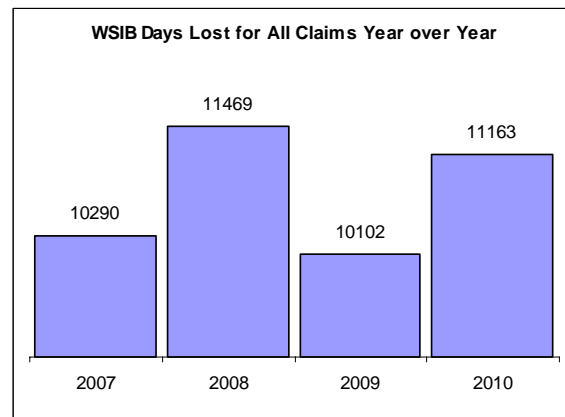
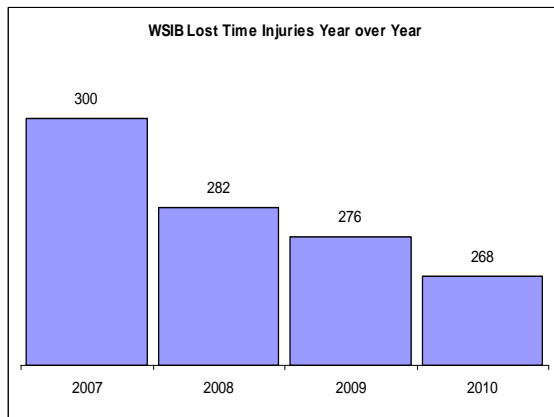


Although total sick days have dropped, annual increases in employee compensation have kept the costs of sick absences at a steady level.

WSIB

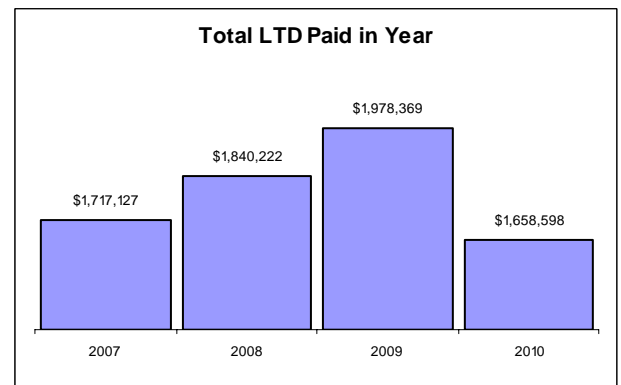
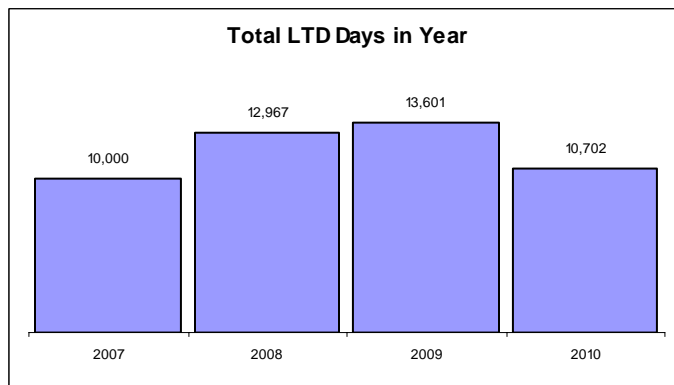


The first chart above consists of WSIB costs for all claims including benefits paid to employees, physician fees, medical costs, and WSIB administration fees. It also includes WSIB costs for Hamilton Police Services, Hamilton Public Library, HECFI and historic claims. The second chart above shows the costs borne by current City of Hamilton departments.

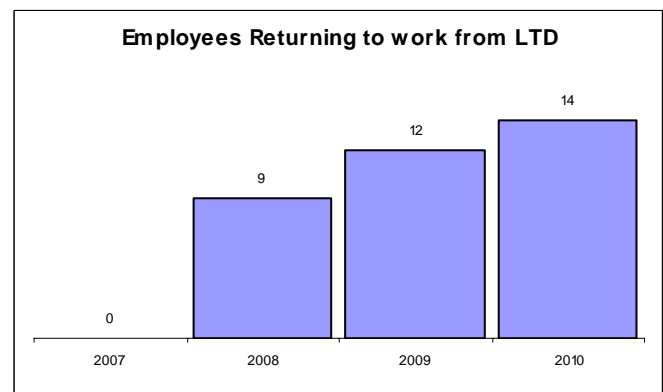
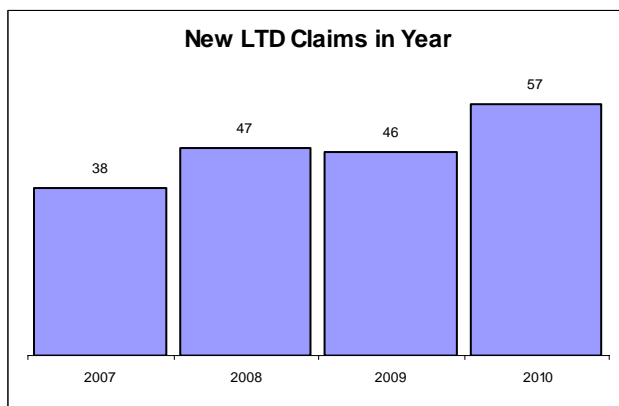


WSIB lost time injury numbers and costs have declined every year (2007 to 2010). The number of WSIB days lost has been fluctuating yearly during the same time period.

LTD



Total days lost to active employees on LTD and LTD paid on all claims declined in 2010 after rising the previous two years.



RTW Services undertook a number of strategies in 2010 to mitigate the impact of LTD absences and control related costs. LTD recipients were offered modified work, work accommodations or return to full duties as appropriate. Employees nearing retirement were provided with information to help them decide if moving from LTD to retirement was in their best interests. As well, a number of employees who were deemed to qualify to receive LTD benefits to age 65 with no likelihood of a return to work, were removed from employment with the City to remove future obligations for vacation pay or return to work. This allowed departments to fill related vacancies permanently.

**Quarterly Disability Management Performance Metrics
Oct 1, 2009 to December 31, 2010**

The following performance measurements cover the last five quarters up to and including Q4 in 2010. Because of the seasonal fluctuation of STD absences and the fact that WSIB quarterly costs do not correlate with the absences in the quarter, staff will be preparing an annual summary report so that year over year trends can be analyzed.

Short-term Disability (STD) Performance Measurements

Most eligible employees covered by income protection plans are entitled to up to 26 weeks of short-term disability (some still have sick banks). For absences of six working days or longer, employees are required to submit a claim form, completed by their doctor, to Return-to-Work Services. Shorter absences do not require a sick absence form to receive benefits. Return-to-Work Services staff take a more active role in managing the claims lasting six days or greater. The shorter claims are managed by individual departments, with the support of RTW Services staff, as required.

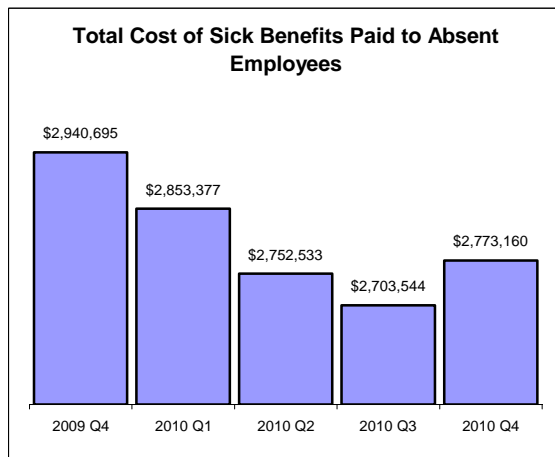
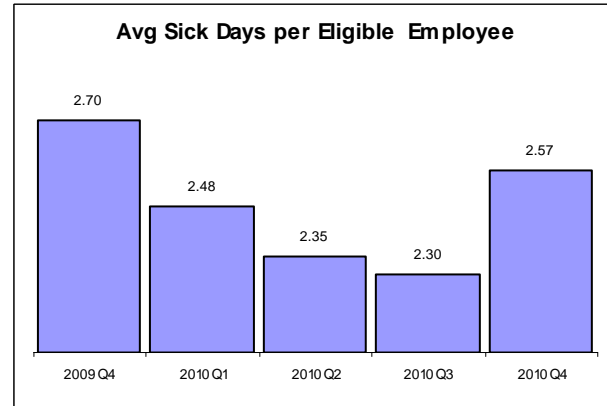
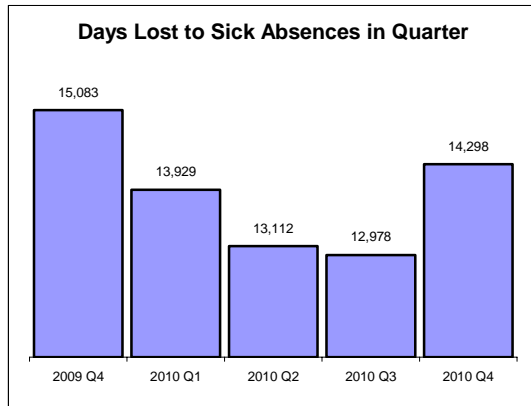
Quarterly Review of STD Measurements:

Table 4 presents a quarterly review of Sick Day absenteeism from Q4 2009 to Q4 2010.

Table 4 Sick Days for Eligible Employees Q4 2009 – Q4 2010

Quarter	Total Sick Days	Avg Sick Days per Eligible Employee	Total Cost
2009 Q4	15,083	2.70	\$2,940,695
2010 Q1	13,929	2.48	\$2,853,377
2010 Q2	13,112	2.35	\$2,752,533
2010 Q3	12,978	2.30	\$2,703,544
2010 Q4	14,298	2.57	\$2,773,160

The data from Table 4 is presented in the following bar graphs. There has been a rise in the last quarter of 2010, but not to the level seen in Q4 2009. Return-to-Work Services is investigating the nature of the absences in this quarter to better understand the underlying reasons for the absences and to develop strategies to mitigate future claims.



Workplace Safety and Insurance Board (WSIB) Measurements

All employees are eligible to receive WSIB benefits for the injuries and illnesses they develop as a result of work activities. The costs associated with these claims include lost time and healthcare. The City of Hamilton is responsible for paying the WSIB directly for all costs related to our WSIB claims. The WSIB also applies an administration fee of 21.76% on top of all of our costs for a total cost of \$7.09 million in 2010.

Overall, we have seen an increase in our WSIB days lost and costs from 2009 to 2010. Our highest injury type remains Musculoskeletal Disorders (MSDs). MSDs accounted for 30% of the claims in 2010 and accounted for 45% of the days lost. City Departments and Human Resources are working together to develop solutions that reduce our workers' exposure to the ergonomic hazards that result in MSDs.

Human Resources has recently partnered with the Public Sector Health and Safety Association (PSHSA) to assess our MSD program and develop an action plan to address any gaps. PSHSA will work with us, free of charge, over the next year.

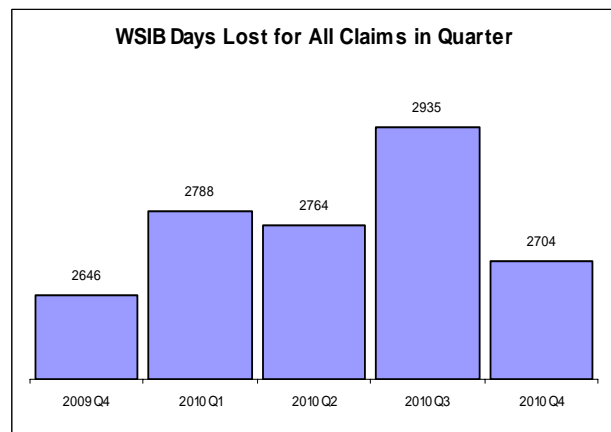
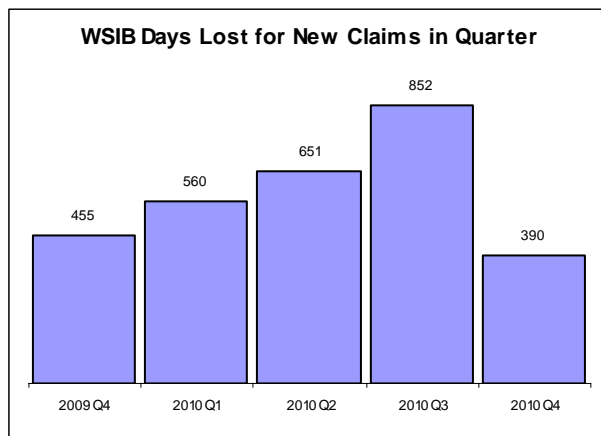
Quarterly Review of WSIB Measurements:

Table 5 presents a quarterly review of WSIB absences from Q4 2009 to Q4 2010.

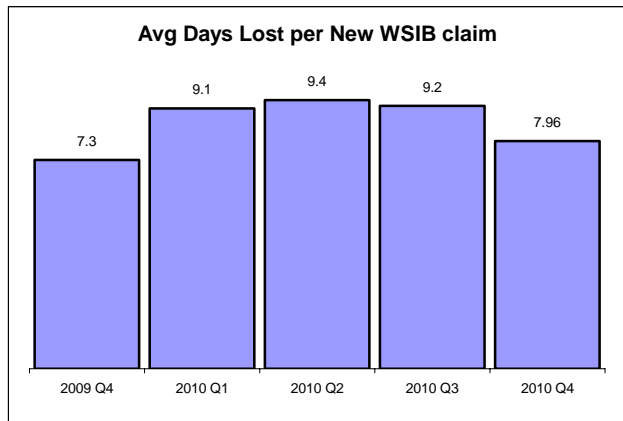
Table 5 WSIB Days and Costs Q4 2009 – Q4 2010

Quarter	Days Lost for New Claims in Quarter	Days lost for all Claims in Quarter	Avg. Days Lost per New Claim	Total Cost of New Claims in Quarter	Total Cost of all Claims in Quarter
2009 Q4	455	2646	7.3	\$72,797	\$964,934
2010 Q1	560	2788	9.1	\$80,555	\$979,335
2010 Q2	651	2764	9.4	\$62,225	\$978,079
2010 Q3	852	2935	9.2	\$100,308	\$927,736
2010 Q4	390	2704	7.96	\$58,440	\$855,419

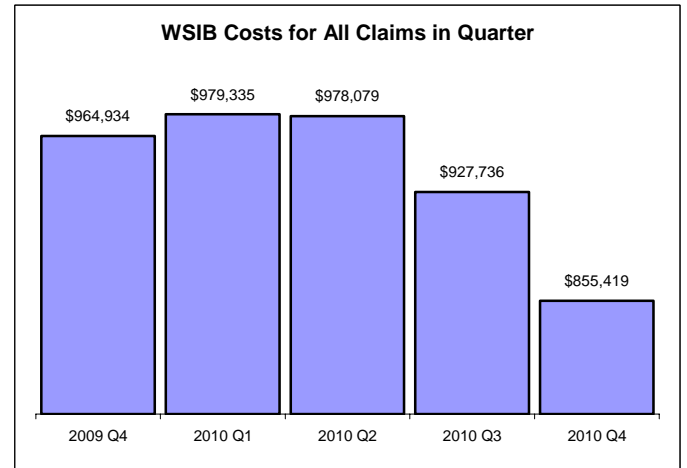
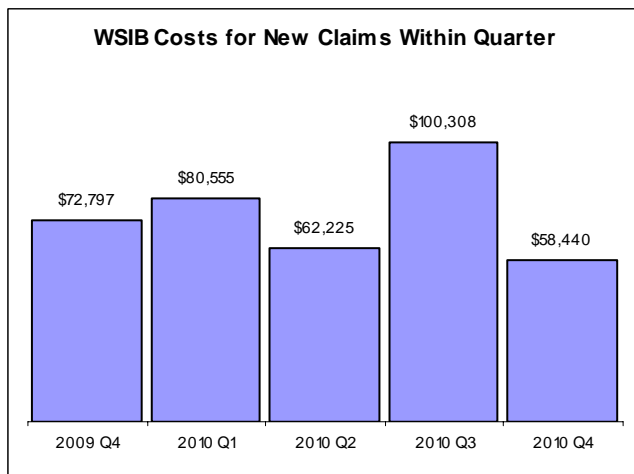
The data from Table 5 is presented in the following bar graphs. There has been a decline in the last quarter of 2010 after a steady rise throughout the year.



The first chart show the days lost within a quarter for claims that started within that quarter for City of Hamilton departments. The second chart shows days lost for all claims, whether they started in the quarter or not.



Average days lost per new WSIB claim is a measure of the severity of illnesses and injuries.



WSIB costs arise from both new and ongoing employee claims. We continue to pay the cost of benefits of past employees who continue to receive benefits from the WSIB until age 65. New claim costs historically account for only 15% of the total annual amounts paid by the City to the WSIB each year. This on-going liability speaks to the critical importance of diligent health and safety programming in all departments along with effective claims management and return-to-work strategies.

Long-term Disability (LTD) Measurements

Most eligible employees covered by income protection plans are entitled to long-term disability benefits for total-disability absences that extend beyond the 26 weeks of short-term disability. To receive benefits, employees must be totally disabled from their own occupation during the first two years of the LTD period and must be totally disabled from any occupation to continue to receive benefits after two years.

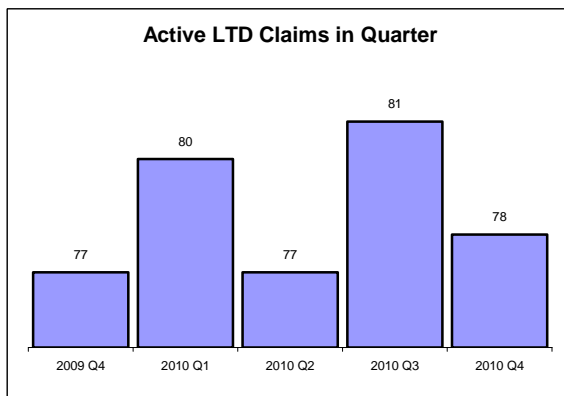
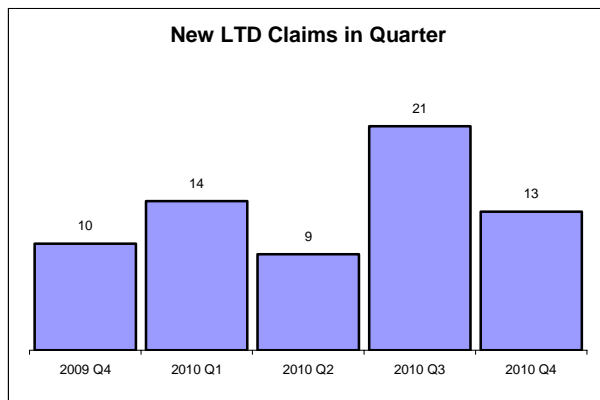
Quarterly Review of LTD Measurements:

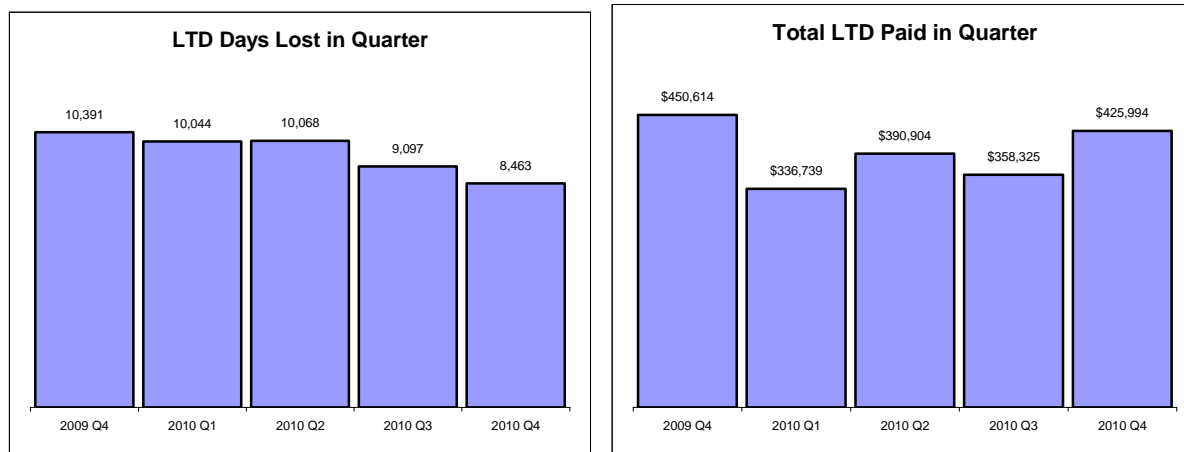
Table 6 provides a quarterly overview of LTD claim activity from Q4 2009 to Q4 2010. The number of new claims has been fluctuating while active claims and overall costs remain steady.

Table 6 LTD Activity Q4 2009 to Q4 2010

Quarter	New Claims	Active Claims	Day Lost	Total cost of LTD
2009 Q4	10	77	10,391	\$450,614
2010 Q1	14	80	10,044	\$336,739
2010 Q2	9	77	10,068	\$390,904
2010 Q3	21	81	9,097	\$358,325
2010 Q4	13	78	8,463	\$425,994

The data from table 6 is presented in the following bar graphs.





RTW Services staff continues to identify opportunities for employees on LTD to re-enter the workforce through modified duties and graduated return to work. Efforts are made to identify suitable and sustainable work for those employees who are unlikely to qualify for benefits beyond the 2-year mark.

Next Steps in Managing Sick and WSIB Absences

Human Resources continues to work on initiatives to assist departments in controlling sick and WSIB absences and thereby control costs related to those absences. Over the past year, we have instituted a new disability management software program that provides us with better tools to monitor and manage employee absences. We are providing more comprehensive and detailed data on both WSIB and non-occupational injury and illnesses to departmental management teams.

In 2011, Human Resources has committed to the following continuous improvement efforts:

- a review of our Attendance Support Management Plan (ASMP) to ensure that it is consistent with best practices. The ASMP program is an important component in our strategy for controlling non-culpable absences and supporting employees' own efforts to stay at work. ASMP is complemented by our Employee and Family Assistance Program (EFAP). Through the EFAP, employees can get support that helps them stay healthy and at work.
- establish regular training for managers and supervisors on their roles and responsibilities with respect to disability management and the Attendance Support Management Program

- partner with Public Works to pilot a mechanism which will track the cost of overtime that arises when employees are off work due to injury or illness. Tracking this cost will further measure the success of our disability and attendance management efforts.
- with the implementation of the Kronos time, attendance and scheduling system in the Water, Wastewater Division, partner with this division to track the cost of employee replacement due to absenteeism
- assist departments in their efforts at improving ergonomic conditions in order to reduce the number of WSIB absences related to musculoskeletal disorders.
- adopt best practice processes and guidelines to ensure all RTW Services staff is providing an effective and cohesive approach to disability management.
- prepare quarterly reports on performance measures throughout 2011 with annual data in Q1 of every year.

2010 Return to Work Services Staff

Return to Work/Work Accommodation (RTW/WA) section in Human Resources is part of the Health, Safety and Wellness Team and is responsible for supporting employees and management in all aspects of an employee's absence due to either occupational and non-occupational injury and illness including short-term disability, long-term disability and Workplace Safety and Insurance Board (WSIB) claims. This responsibility includes:

- opening and closing absences,
- processing WSIB and short-term disability claims,
- paying WSIB invoices,
- following up with employees to acquire supporting documentation,
- responding to inquiries from employees,
- developing return-to-work plans,
- monitoring absences,
- verifying absence history,
- advising Finance Payroll of changes impacting employee pay,
- updating employee files,
- educating employees and managers/supervisors,
- filing ASMP documents, and
- providing reports to SMT and departments.

Following a disability management system audit and external review of Return to Work (RTW) Services, Human Resources adopted a more strategic approach to managing disability claims. The new approach is founded on a commitment to principles including:

- Return to Work is a shared responsibility between the worker, supervisor, union and Human Resources
- Parties must focus on employees' functions through identification of clear restrictions and limitations
- Workplaces will make offers of modified duties on the first day of absence or sooner where applicable
- Return-to-work plans will be goal oriented with appropriate timelines
- Integrated approach including concurrent application for benefits
- All parties will commit to the hierarchy of return to work by always trying to return an employee to their pre-disability job
- Supervisors will maintain contact with employee throughout an absence

The RTW Services team continues to work closely with unions through individual consultation on employee absences, return-to-work planning and through joint Return to Work committees.

In 2010, the team implemented a new disability management software program that assists the team in managing sick absences and WSIB claims. All program modules are now active.

In June 2010, a new Supervisor of Return to Work Services joined Human Resources. In September 2010, the new Return to Work Services Assistant began providing support to the Return to Work Services section. This support allows the team to pay closer attention to the needs of employees who are off work due to occupational and non-occupational reasons. The position of Occupational Health Nurse was filled at the end of November 2010. There is a total complement of 10 FTE in RTW Services.