

# COMPCONTROL<sup>©</sup>

The Official KMIT Member Resource

## *Workers' Compensation Fraud - What You Can Do To Prevent It*

*by Bret Glendening*

Business and Legal Reports, Inc. offered several tips on preventing fraudulent workers' compensation claims in a publication released in July. The cost of fraudulent claims, nationwide, can range anywhere from \$1 billion to \$20 billion annually. Often times, these losses are preventable. What follows is a highlight of these tips and an emphasis on those tips that can be implemented immediately, often with just a conscious change of behavior on the part of you, the employer.

First of all, learning as much about potential candidates as you LEGALLY can is crucial. Check applicant references and credentials to ensure that they are legitimate. You are not allowed to ask the candidate or prior employers about prior WC claims during the hiring process, nor utilize any ill-gained information for basing your decision to hire or not hire the candidate, but you can ask references and prior employers about the attendance and reliability of the candidate to show up for work. You can also ask about their dedication to their job. **Learn as much as you can from these pre-employment screening opportunities.**

Secondly, enhancing your risk management activities by learning all you can about your equipment's safety features and any recalls is a great first step. The difficult part of this process is maintaining your vigilance over the products and equipment your employees use. The U.S. Consumer Products and Safety Commission (CPSC) tracks most product recalls and provides links to other sites that provide a similar service. If there is ever a question, consult CPSC's site: <http://www.cpsc.gov/cpscpub/prerel/prerel.html>. The product manufacturer's website is a great place to look as well. Ergonomics should also be addressed under this heading. Provide employees with techniques to improve posture and minimize these types of strains. Many products are available in the market which are all very competitive, in terms of cost when compared to the costs of the medical expenses of one of these injuries.

Third, **get as much information as possible at the time of the incident.** Train supervisors to collect this information correctly and immediately. Contact witnesses. **Documentation is very important.** Once this is done, contact Victoria Vanderhoof at (316) 773-5234 or [victoria.vanderhoof@imacorp.com](mailto:victoria.vanderhoof@imacorp.com) with the claim and requisite form(s) and documentation.

The fourth, and probably one of the most important aspects is to maintain a positive relationship with your injured worker. Regardless of your opinion of the validity of the claim, or your opinion of the worker, it is much better to show the worker that you are on his/her side, and want to see them back to work as soon as possible. The

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*CompControl* is a publication of the League of Kansas Municipalities and the Kansas Municipal Insurance Trust for the purposes of educating and informing cities about loss control methods and risk management. If you have any questions concerning KMIT workers' compensation or risk management that you would like to see answered in this newsletter, please direct those inquiries to:

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## Letter from the Pool Administrator

Dear KMIT Members,

Is it HOT, or what? It's 103 in Derby, Kansas, USA as this column is being written. Sure glad I'm lucky enough to be in an air-conditioned office. I certainly don't envy those hard-working city employees who can't avoid being out in this heat. Take care of them—this is definitely one of the worst times of the year for working outside.

Well, the **HARD insurance market** is very now firmly entrenched, and is leading to very high costs in all insurance products used by cities, as I'm sure you all know by now. How quickly things change! The hard market affects work comp, too. KMIT's cost of doing business is going up (excess coverage insurance, medical treatment, prescriptions, etc.), and premiums will be going up some, as well. The KMIT Board of Trustees will likely increase the pool's "loss cost multiplier" at its August meeting—**probably by around 5%**. That action alone would raise premiums for 2003, overall, by the same factor of 5%. Of course, there are several other variables in premiums (rates by class, which are set by the Insurance Department, individual member loss history and experience modifier, changing payrolls by class, discounting, etc.), which means most members will likely see at least about a 5% increase next year, while others will experience a greater rate of increase. As has been its history from "Day One", KMIT will continue to strive to provide affordable work comp insurance, while maintaining the fiscal integrity of the pool.

The **KMIT Annual Meeting** will be held, as always, in conjunction with the League's annual conference. This year's meeting will be on **Monday, October 14, at 7:30 AM**, at the Hyatt/Century II complex, and will be highlighted by "Safe City" award presentations by IMA. The annual meeting is also when the members vote to fill the Board terms expiring each fall; this year there are five such openings. Nominations will be reviewed by the Nomination Committee prior to the meeting, and the Committee will be offering up a recommended "slate" of candidates. Nominations may also be made from the floor at the meeting. Each member city has ONE vote in any vote taken at the annual meeting—therefore, each city must decide on a single KMIT voting delegate. This year's Nomination Committee is comprised of Keith DeHaven (Mayor, Sedgwick), Willis Heck (Commissioner, Newton), and Kelly DeMeritt (Director of Finance, Atchison). A nomination form is enclosed with this issue of *CompControl*.

One additional aspect of the annual meeting is that **breakfast is FREE**, but only to the **first 125** or so who arrive at the door, since a specific and limited number of breakfasts must be advance-reserved (the exact number will be determined later) through the conference hotel. All city delegates will be able to be seated, and will be able to participate fully, though it's possible that some may not be able to eat, depending upon how many people show up that morning. (The Kansas Ready Mix group is also providing a free breakfast, at that same time, to any city delegate attending the League Conference, so there will be a breakfast option for everyone, even if the KMIT meeting does fill up.)

The Seventh Annual KMIT Golf Classic will take place on **Saturday, October 12** (as a prelude to the League Conference), just southeast of Wichita, at the **Hidden Lakes Golf Course**, located at Greenwich Road and 63<sup>rd</sup> Street South. Four-person teams will tee off at 8 AM, in a "Shotgun" start. As last year, the entry fee is \$60 per player. Send your entries to Denise Humphrey, or contact Denise with your team names at [dhumphrey@networksplus.net](mailto:dhumphrey@networksplus.net) or at the League phone. An "early-bird" entry form is included with this issue. There will be a generous awarding of prizes and gifts—nobody goes home empty-handed! This is really a fun-time event.

Don Osenbaugh  
Pool Administrator

## FALL SUPERVISOR WORKSHOP

KMIT is planning a workshop this fall, which will be designed for supervisors employed by member cities. The three-hour training sessions will be offered at four sites this fall and, very likely, four additional sites in the spring. The workshop will center around the supervisor's role in work comp procedures and processes, focusing on those which tend to be sometimes difficult for all work comp programs, including KMIT—"return to work", claim identification, case management, etc. Attendance is not mandatory, but is certainly encouraged. This fall's training sites are: **Augusta, Baxter Springs, Abilene, and Baldwin City**. Presenters will include Victoria Vanderhoof of IMA, Marcia Payne, of Corvel/PreCept, and League KMIT staff. More details will follow in the weeks ahead.



*The following cities had not reported any claims in 2002 as of July 2, 2002.*

Abilene	Frankfort	Melvern
Allen	Galena	Mission
Altamont	Glasco	Moline
Andale	Glen Elder	Montezuma
Baldwin City	Grainfield	Mound City
Baxter Springs	Greeley	Ogden
Bel Aire	Grenola	Olpe
Beverly	Halstead	Oskaloosa
Bird City	Horton	Oswego
Brewster	Hoxie	Ozawkie
Centralia	Jetmore	Peabody
Chautauqua	Kingman	Princeton
Cheney	Leoti	Ransom
Cullison	LKM	Satanta
Esbon	Lucas	Sedan
Ford	McFarland	Sedgwick
Fowler	Medicine Lodge	Spearville
		Spring Hill
		Tescott
		Tipton
		Treece
		Ulysses
		Wakefield
		Walton

quicker you can get the employee back to work, regardless of whether it is in the position they were in at the time of the accident, or on light duty, the cost of the claim can be diminished. Therefore, if you have an employee who was injured, but can return to work in two weeks and perform light duty, it is better to put them on light duty, than to have them sitting at home. The alternate of having them sit at home is the expensive route for the city and is not usually great for the employees' morale. Show them that you NEED them.

Fifth, keep your ears open for any hints amongst the employees' co-workers that the injury may have not been incurred while on the job, or may be false. If you believe that a claim may have been filed falsely or for an injury that was not work related, contact KMIT immediately.

Finally, if you suspect that a claim's validity is questionable, provide us with as much information as you can legally release. We are interested in accurate home addresses, descriptions, and possible behavioral problems at work, arguments with supervisors, frequent absences, lateness, etc. Workers' compensation insurance is provided as a protection for employees, not a quick ride to an easy buck.

Bret Glendening serves as the LKM Project Manager and is a licensed agent for KMIT. He can be reached by e-mail at [bglendening@ink.org](mailto:bglendening@ink.org).

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## CompControl Quick Thought: Safety on Trash Trucks

KMIT would like to briefly acknowledge an emerging trend of accidents involving workers who ride the backs of trash trucks. Please be careful, and convey to these employees that their safety is important. Since 1999 there have been at least 3 claims of substantial loss involving trash trucks pinning employees between the truck and various objects affixed to the property. In 1999, there were two such incidents. One closed at a final figure of \$86,334. Another is still open, has a large exposure, and has cost to date: \$49,745. Just recently, (the second week of July, actually) another similar accident occurred, and it is expected to be in this cost range as well.

Please weigh carefully, the value of getting solid waste collected rapidly versus the cost to your city in lost productivity and increased W.C. premium. Please recognize that timely pickup does not necessary have to equate to rapid pickup.

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## Video Library

IMA has safety videos available at no cost for KMIT Cities. Listed below are a few categories and videos available:

**Chemical:** Managing Chemical Hazards, Chlorine Safety, Safety Handling of Water Treatment Chemicals. .

**Construction:** Construction Safety, Excavation Safety, Fall Protection, Ladder Safety, Scaffold Safety. . .

**Fire:** Fire Prevention, How to Handle Flammables, Fire in the Workplace, Fire Drills. . .

**Fleet:** Backing, Driving Safely, Extreme Driving Conditions, Flagging Traffic. . .

**Forklift:** Forklift Operation & Safety, Indoor Cranes, Forklift Safety. . .

**Health:** Confronting Drugs in the Workplace, Heat Stress, Medical Emergencies, Eye Protection,

**Occupational Health:** Back Injury Prevention, Preventing Hand Injury, Carpal Tunnel Syndrome, Lifting. .

**Safety:** Hand & Power Tool Safety, Confined Space Entry, Foot Protection, Lock-out/Tag-out, Accident Reporting, Respiratory Protection, Small Job Site Traffic Control. . .

Enclosed in this issue of *CompControl* is the "Safety Video Loan Form". If you have any questions, or would like a list of videos e-mailed to you, please contact Wendy Flowers ([wflowers@networksplus.net](mailto:wflowers@networksplus.net)).

# Claims

## 2002 Frequency and Cost Analysis - Top 5 1/1/02 through 7/2/02

<u>By Job Classification</u>	<u>Frequency</u>	<u>Cost Claims</u>
Police Officers & Drivers	53	\$ 65,083
Park	48	\$ 25,012
Municipal	36	\$ 31,007
Street/Road Const.	32	\$ 56,014
Firefighters & Drivers	29	\$ 337,862

<u>By Accident Type</u>	<u>Frequency</u>	<u>Cost Claims</u>
Strain or Injury by lifting, pushing, carrying, etc.	72	\$ 108,052
Fall or Slip Injury	59	\$ 128,761
Struck or Injured by falling object, hand tool, etc.	37	\$ 7,697
Miscellaneous Cause	35	\$ 15,639
Occupational Hazards	33	\$ 14,327

<u>By Body Part</u>	<u>Frequency</u>	<u>Cost Claims</u>
Low Back Area	42	\$ 39,538
Knee	35	\$ 160,354
Eye(s)	28	\$ 2,254
Hand	24	\$ 21,211
Finger(s)	23	\$ 14,006

*Note - The above figures are based on claims as of July 2, 2002. Amounts listed for claim costs are amounts incurred to date.*

## Your Pool In Action

We encourage you to make copies of  
this newsletter and distribute to all  
city employees.

# Member Notes



[www.kmit.net](http://www.kmit.net)

## KMIT Calendar

- August 23** KMIT Board of Trustees Meeting, *Concordia*
- October 12** KMIT Annual Golf Classic, *Hidden Lakes Golf Course, Wichita*
- 14** KMIT Annual Meeting, *Wichita* (during LKM Annual Conference)

### Combined Assets

Cash In Bank	1,657,741
Premiums Outstanding	
Investments	<u>1,559,951</u>
<b>Total Assets</b>	<b>3,217,693</b>

### Combined Liabilities & Equity

Claims and Accrued Expenses Outstanding	(539,401)
Reserved for Losses	619,036
Incurred But Not Reported (IBNR)	<u>1,661,198</u>
<b>Total Liabilities</b>	<b><u>1,740,833</u></b>
KMIT Statutory Fund Balance	<u>1,476,860</u>
<b>Total Liabilities and Equity</b>	<b>3,217,693</b>

Revenues & Expenses  
July 31, 2002

## Kansas Municipal Insurance Trust

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