

2014
GOVERNOR'S
HEALTH & SAFETY
LEADERSHIP TEAM
ANNUAL REPORT



NORTH CAROLINA HEALTH & SAFETY LEADERSHIP TEAM

The Health and Safety Leadership Team was established on June 4, 2013 with the signing of Executive Order No. 13 by Governor Pat McCrory.

The Health and Safety Leadership Team, hereinafter referred to as “Leadership Team”, consists of eleven members which are appointed by the Governor and serve at his pleasure. Governor McCrory appointed several members of his cabinet to the Leadership Team.

The primary goal of the Leadership Team is to work towards the reduction of both the human and financial toll of preventable work related incidents through the creation of a “culture of safety.” To achieve this goal, the Leadership Team must develop a system to measure the safety performance of state government agencies and universities and report its findings in an annual report to the Governor.

2014 HEALTH & SAFETY LEADERSHIP TEAM

Chairman, Tony Tata

Secretary, Department of Transportation

Vice Chairman, Frank L. Perry

Secretary, Department of Public Safety

Secretary, Neal Alexander

Director, Office of State Human
Resources

Wanda Lagoe

Bureau Chief of Education, Training and
Technical Assistance, Department of Labor

Dr. Susan Peebles

Medical Director, Division of State Healthcare
Facilities, Department of Health and Human
Services

Chris Cangemi

Safety Consultant II, Department of
Environment and Natural Resources

Keith Batchelor

Safety Leader, Department of Commerce

Ricky Edwards

Safety Officer, Department of Administration

Stan Harts

Environment Health and Safety Director,
University of North Carolina - Wilmington

John Bogner

Ex-officio member
Director, Division of Safety, Health & Workers'
Compensation, Office of State Human
Resources

Doug Gaylord

Ex-officio member
Safety and Health Manager, Office of State
Human Resources



**12,000 Injuries
Each Year**



**\$140 Million
Costs in Workers'
Compensation**



**42% Open
Claims Carry
Over Each Year**

When Governor Pat McCrory took office in January 2013, the State of North Carolina had on average 12,000¹ state employee work-related injuries each year. This injury number is large and comes at a great expense costing state taxpayers over \$140,000,000² in fiscal year 2013-2014.

The Leadership Team has discovered that the state has been unable to effectively and efficiently manage workers' compensation claims. Historically, this has not been a top management priority and has resulted in an average of 42% open claims that carry over each fiscal year within state agencies and universities.

The Office of State Human Resources (OSHR), which facilitates the workers' compensation program for state agencies and universities has learned there are 50 state employees still working who have filed 541 claims costing the state approximately \$7,000,000.

The overwhelming cost of workers' compensation mismanagement along with the increasing number of employee incidents has created the need for the Leadership Team to evaluate, oversee and monitor what is causing these employee injuries.

JUST THE FACTS

1,265 claims* that have been open for the past five years have cost the state of North Carolina over \$769 million dollars*.

*This statistic represents all state agencies and universities. DPI data is not included.

¹ Statistic represents all state agencies and universities which includes the Department of Public Instruction (county school system data included).

² *ibid.*



Lack of proper incident investigations.

The Leadership Team assigned agencies with sending all employee incident and supervisor investigation reports to OSHR to review and determine if the injuries reported were thoroughly investigated. It was discovered that the Employee Incident and Supervisor Investigation Reports were incomplete. Many agencies had not properly trained supervisors on incident investigation techniques and determining root cause analysis.



Inability to maintain an effective workers' compensation cost containment system.

Management's inability to effectively administer workers' compensation cases has been a contributing factor in the state's inability to maintain an efficient cost containment workers' compensation system.



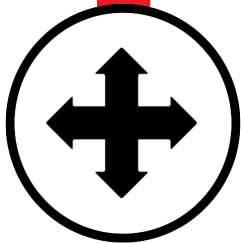
Reporting of claims in an untimely manner.

When a supervisor delays providing documentation of an incident to a Workers' Compensation Administrator (WCA), the injury data may not be entered into the claims management system in a timely manner. This delay increases lag time, which may result in greater claim cost because an injured employee failed to receive prompt medical treatment.



Employees lack the knowledge to identify hazards.

Unsafe conditions and unsafe acts still remain at work sites due to employees not being trained to identify and eliminate these unsafe conditions or their unsafe acts. The culture in most state agencies is management assumes that employees recognize hazards; however, the reality is the majority of state employees are never taught how to recognize a hazard.



The statute relating to salary continuation was too broad.

The statute governing workers' compensation disability benefits for eligible employees with law enforcement duties was too broad. This resulted in these state employees being paid 100% of their salary for lost time for non-hazardous work related injuries.



Management not making safety and workers' compensation a priority.

Executive agencies have experienced instability due to administrative changes, budget cuts, and expectations to do more with fewer employees. All of these factors have affected agencies' ability to properly manage an effective workers' compensation cost containment program, resulting in an increase in injuries and rising workers' compensation costs.



Agencies have not implemented a strong "Return to Work" policy.

Agencies and universities are not properly utilizing the OSHR "Return to Work" policy, therefore foregoing opportunities to get employees back to work. This is evidenced by rising indemnity costs that have increased over \$10,000,000 since fiscal year 2012.



Open workers' compensation cases are not being closed.

There were 4,712 state employee workers' compensation cases¹ open ending FY 2013. Of these open cases, 1,122 cases are more than five years old and cost the state over \$682,000,000 in FY 2013. Due to the absence of a certified budget line item for workers compensation, cases are not being timely closed. State agencies have historically utilized lapsed salary funding to settle workers' compensation cases; however, this funding is inadequate to empower agencies to timely close cases. Lack of oversight, monitoring, training, education and claims management, along with insufficient funding, has resulted in cases remaining open subjecting the state to potential additional costs.



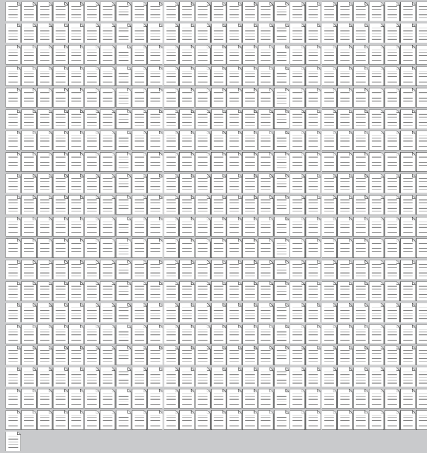
The majority of Workers' Compensation Administrators have multiple responsibilities, lack of authority and insufficient training related to case management.

These multiple responsibilities have resulted in the Workers' Compensation Administrators not being able to adequately manage their agencies' workers' compensation cases.

¹ Statistics represents all state agencies and universities. DPI data is not included.

SNAPSHOT

50 State Employees



541 Workers' Compensation Claims

Total Cost of Claims
\$6,897,934

Number of Employees	Number of Claims	Total Cost Incurred
1	20	\$ 25,497
2	15	\$ 112,099
5	14	\$ 286,530
1	13	\$ 24,652
4	12	\$ 294,962
5	11	\$ 277,457
17	10	\$2,388,566
15	9	\$3,488,171

* Statistics represents all state agencies and universities. DPI data is not included.

State Government Workers' Compensation Claims



FY 2012F

Y 2013

FY 2014

A CULTURE OF SAFETY

The Leadership Team came to the conclusion that the only way to reduce injuries and the rising cost of workers' compensation is through a systematic approach using proven change management methods to instill a safety culture. In order to achieve this, the Leadership Team began implementing this culture through the aggressive promotion of safety and hazard awareness led by all agency executives.

The Leadership Team leveraged its resources by calling upon the Statewide Safety and Health Steering Committee, a committee comprised of twelve members representing state agencies and universities, to assist in the implementation of a culture of safety. The Statewide Safety and Health Steering Committee, hereinafter referred to as the "Steering Committee," established sub-committees to support the goals of the Leadership Team.

Management must acknowledge that unsafe work practices may result in serious business consequences leading to substantial workers' compensation related costs. The Leadership Team has identified eight action plans for FY 2014 to establish a business environment emphasizing the safety and well-being of state employees.

ACTION PLANS

- State agencies and universities reduce injury claims by 10% by FY 2016.
- Provide hazard recognition training for management, supervisors and employees.
- Promote incident and accident investigation and reporting program to assist supervisors with identifying the root cause of an incident and effective solutions.
- Form an incentive subcommittee to explore rewarding employees.
- Continue hazard identification and prevention trainings.
- Organize and hold a statewide Governor's Hazard Awareness Leadership Conference.
- Identify safety topics to address ARC Flash and Lockout-Tagout.
- Develop behavior based safety training.

An aggressive three-prong approach has been developed by the Leadership Team to accomplish the FY 2014 action plans. This approach includes:

- Improve employee hazard recognition to reduce injuries;
- Develop a better case management strategy to reduce open workers' compensation claims; and
- Work with and encourage workers' compensation legislative reform.

ACCOMPLISHMENTS

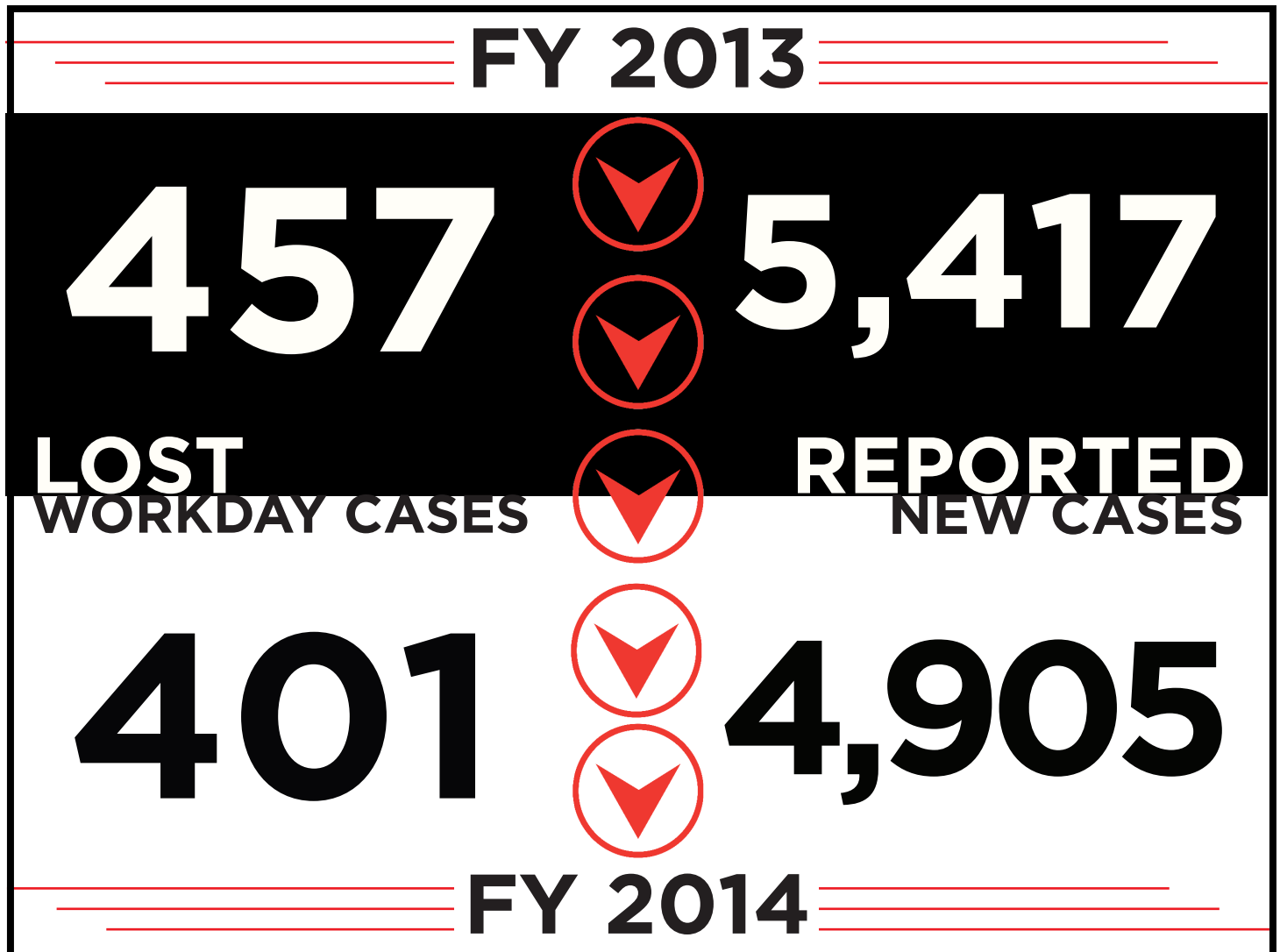
In order to promote the reduction of workplace injuries throughout the state, the Leadership Team, partnered with the Steering Committee to develop several programs to analyze all workplace injuries.

Reduction of Worker's Compensation Claims By 10%

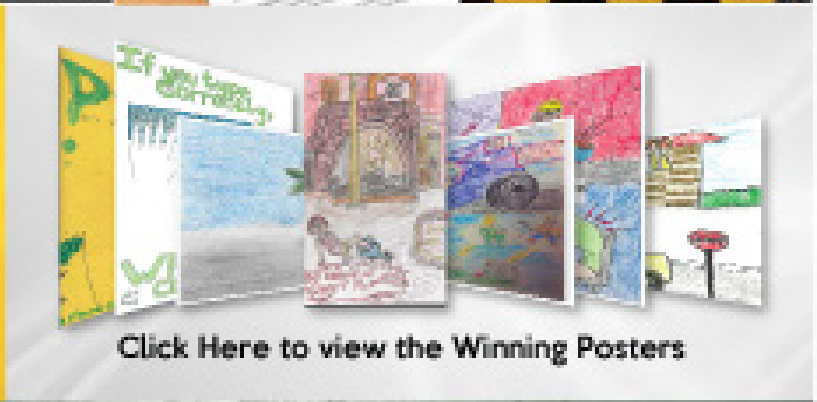
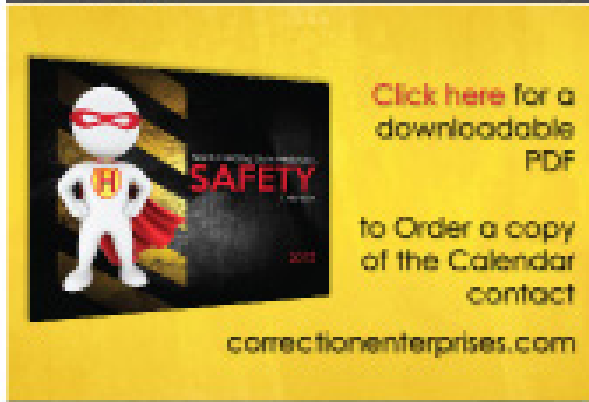
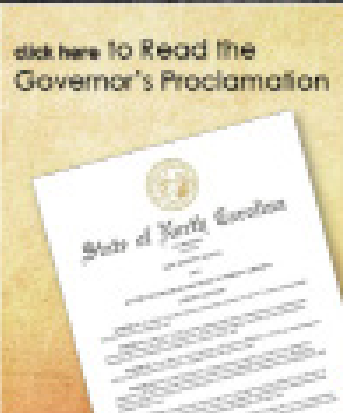
The Leadership Team initially established a target of 10% reduction of new reported workers' compensation claims over the next three fiscal periods ending FY 2016. Fiscal year 2013 is the baseline with 5,417 reported claims.¹

A 9% reduction has already been achieved within one year (FY 2013 to FY 2014) with reported claims reduced from the baseline of 5,417 to 4,905. The Leadership Team projects that the initial goal of reducing new claims to 4,875 will be accomplished well before the original deadline (end of FY 2016). Many agencies will have a greater reduction as the goals are re-established.

¹ Statistics represents all state agencies and universities. DPI data is not included.



2014 SAFETY Month HIGHLIGHTS



June Safety Month

To highlight the importance of safety and injury prevention in the workplace, Governor Pat McCrory proclaimed June as Safety & Hazard Awareness Month. The Leadership Team developed several programs to support the Governor's proclamation. The first was the release of a video sent from Governor McCrory to all state employees encouraging them to be cognizant about safety in the workplace.

Watch the message from Governor McCrory here:
https://www.youtube.com/watch?v=I04M3v_DSvI



The proclamation launched a new program that will aid employees to find and eliminate workplace hazards. This new program for hazard recognition, "Be a Hazard Hero," is an on-line training platform available through OSHR's Learning Management System (LMS).

During the proclaimed Safety and Hazard Awareness Month, the Leadership Team supported the initiative to encourage statewide employee participation through a Hazard Recognition & Awareness Poster and Video Contest. State employees' children, grandchildren, nieces and nephews were eligible to take part in the poster contest. The contest resulted in involvement from numerous employees from multiple state agencies. The contest winners were honored by the Leadership Team at a reception held at the State Capitol.

View the Safety Month Highlights here:
<http://www.oshr.nc.gov/Support/Safety/safetymonth.htm>



Hazard Recognition and Branding of the Hazard Hero Program

The Steering Committee established a task group to create a process that empowered employees to identify, correct and report unsafe hazards or conditions to their immediate supervisor. To create excitement with this new process, the "Be a Hazard Hero" Program was created.

The goal of "Be a Hazard Hero" Program was to create a recognizable brand to market the new injury prevention initiative. As of October 2014, over 30,000 state employees or 36% of the state's workforce has taken the "Be A Hazard Hero - Hazard Recognition and Injury Prevention Program" training.

Incident Reporting and Investigation Program

The Leadership Team analyzed statewide injury reports and determined the Steering Committee needed to form a task group to develop a consistent protocol to investigate injuries. This task group created a detailed training and education program for all supervisors with instructions on completing the new Incident Investigation forms, interviewing skills, conducting a root cause analysis, and determining effective solutions.

LOOKING FORWARD

Moving forward, the Leadership Team will continue to work to assure that management support remains high. The fresh new philosophy for injury prevention is ZERO tolerance for injuries. This will be accomplished by promoting workplace hazard awareness through the Be A Hazard Hero - Hazard Recognition and Injury Prevention Program training and by encouraging the reporting and correction of hazards at www.Hazards.nc.gov.

Supervisors will be trained on how to conduct root cause analysis investigations to determine appropriate evaluation of hazards identified through the Be A Hazard Hero program as well as hazards identified after injuries.

DID YOU KNOW?



The number one hazard for state workers is slips, trips and falls. A Slips, Trips, and Falls Prevention Initiative will be launched that includes a written program and training for all employees.

A major goal moving forward is to establish a consortium of agency and university safety leaders working together to create model written programs, trainings, and implementation guides to ensure best practices are communicated. Some of the first of these programs are the Arc Flash Awareness and Lockout-Tagout initiatives.

To fulfill the goals of reducing employee injuries and controlling the cost of workers' compensation, the Leadership Team is aiming to accomplish the following in FY 2015:

- Provide training to all workers' compensation administrators and workers' compensation coordinators;
- Develop open claims protocol to evaluate claims and make settlement recommendations;
- Review return-to-work policies;
- Revise the state employees Workers' Compensation Handbook
- Revise the state employees Workers' Compensation Standard Operating Procedure Manual; and
- Draft open claims settlement, subrogation, and fatality protocols.

To continue promoting hazard and safety awareness to management, the Leadership Team will work to organize other safety conferences to include immediate supervisors, safety professionals and safety committees.

The Leadership Team will continue to reevaluate its goals and initiatives to ensure that North Carolina is one of the safest employers in the nation.



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