



Controlling Costs of Accidents and Workplace Injuries:

*Prepared for
APTA GM/CEO Conference:
January 30, 2012*

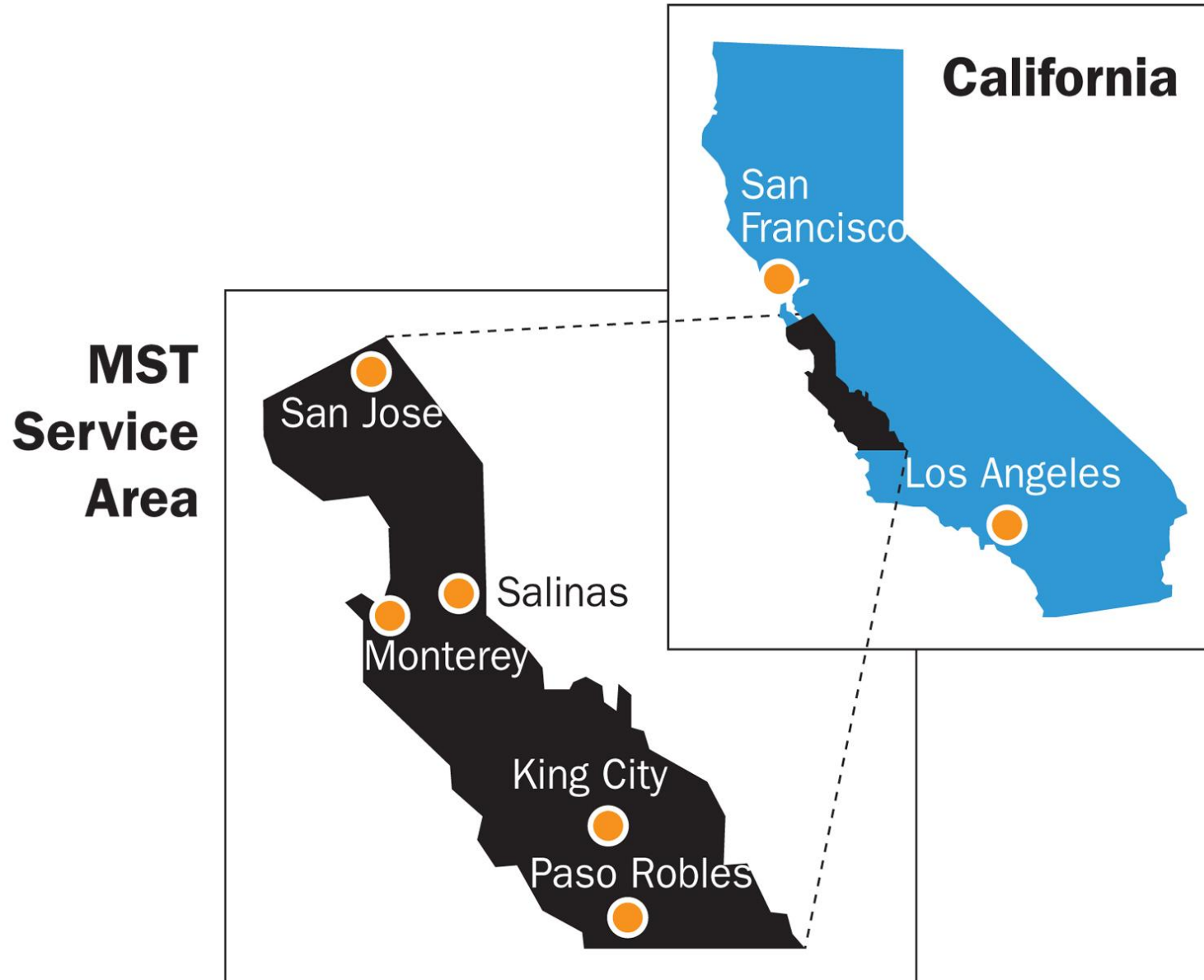
*Carl Sedoryk
General Manager/CEO
Monterey-Salinas Transit*



MST Today...

- ***Monterey County's Primary Transit Operator***
- ***A Transit District***
- ***50 regular/seasonal bus routes***
- ***142 vehicles (80 buses, 8 trolleys, 54 minibuses)***
- ***237 direct employees, 85 contracted (MVTI)***
- ***\$30M annual operating budget***
- ***4.5 Million annual passenger boardings***

MST Service Area



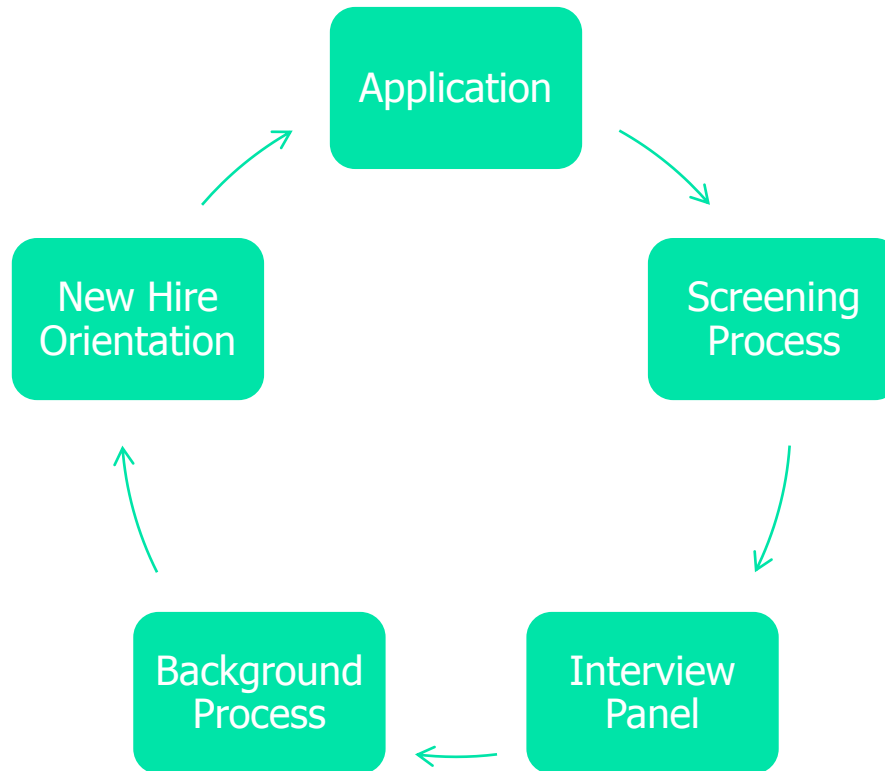
Improved Safety and Cost Savings From:



- 1. Improved Hiring Practices**
- 2. Focus on Safety Improvements**
- 3. Management Of Workers Compensation Program**

Bus Operator Survey and Selection

- “Select the Best and Train for Success.”



BOSS SCORING



ATTENDANCE & SAFETY

1. Best
2. Potentially Strong - Safety
3. Potentially Strong - Attendance
4. Potentially Poor
5. Low Probability of Success

BOSS RESULTS



- Implemented In 2003
- Risky Or Low Probability Of Success Screened Out
- Reduced Involuntary Terminations By 25% (From 36% to 9%)
- Reduced Recruitment and Training Costs By appx. \$40,000 per year
- Reduced Accidents And Injuries
- Less Time Spent On Managing Poor Performers



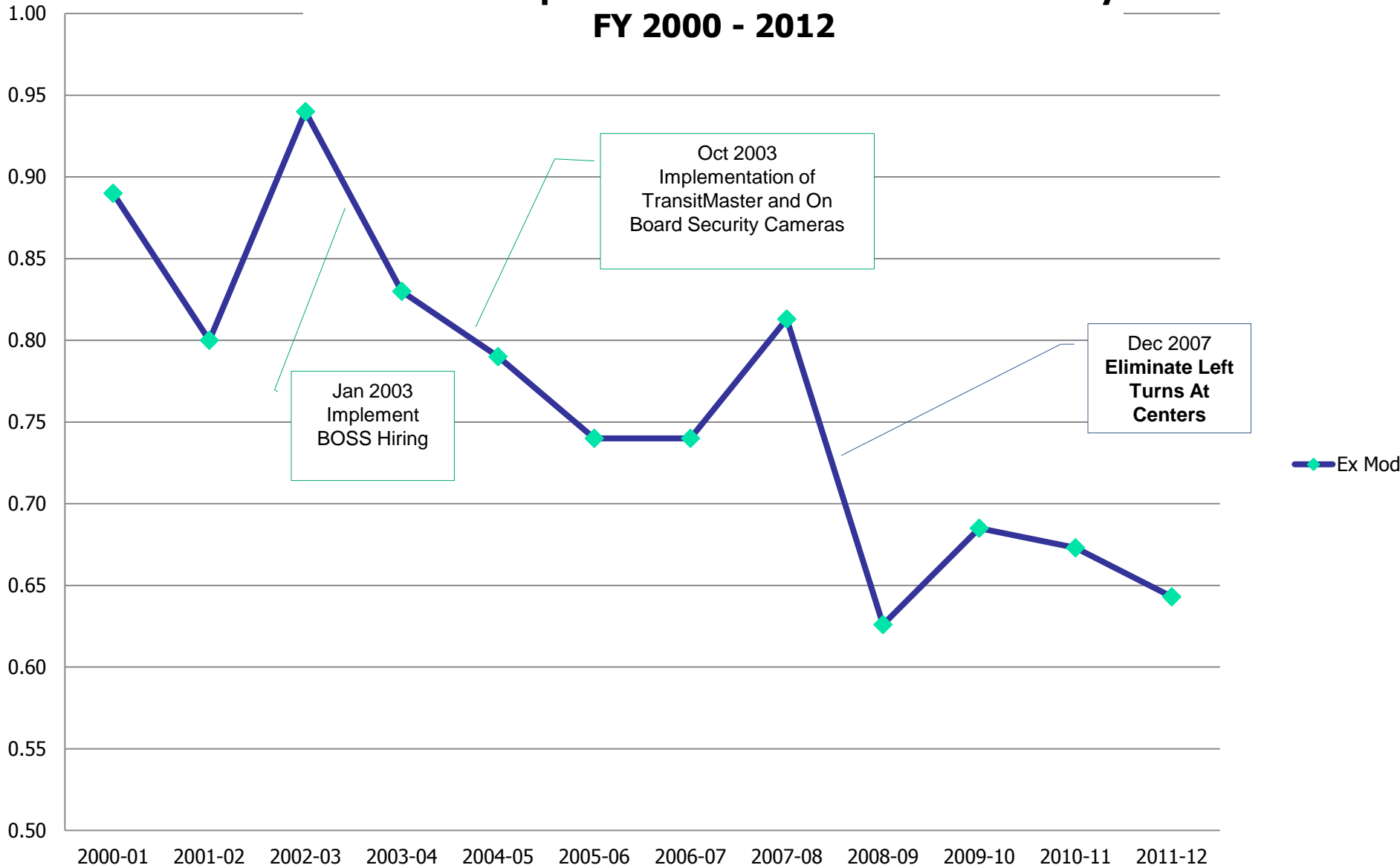
Other Safety Improvements

- Implemented On-Board Facility Cameras
- Initiated Accident Reduction Task Force and Implemented Findings
- Eliminate Left Turns At Transit Centers and Uncontrolled Intersections
- Standardize Discipline Based on Accident Severity / Frequency
- Developed New Technologies (Left Turn Cameras / Announcements)
- Two-Strike Distracted Driving Policy

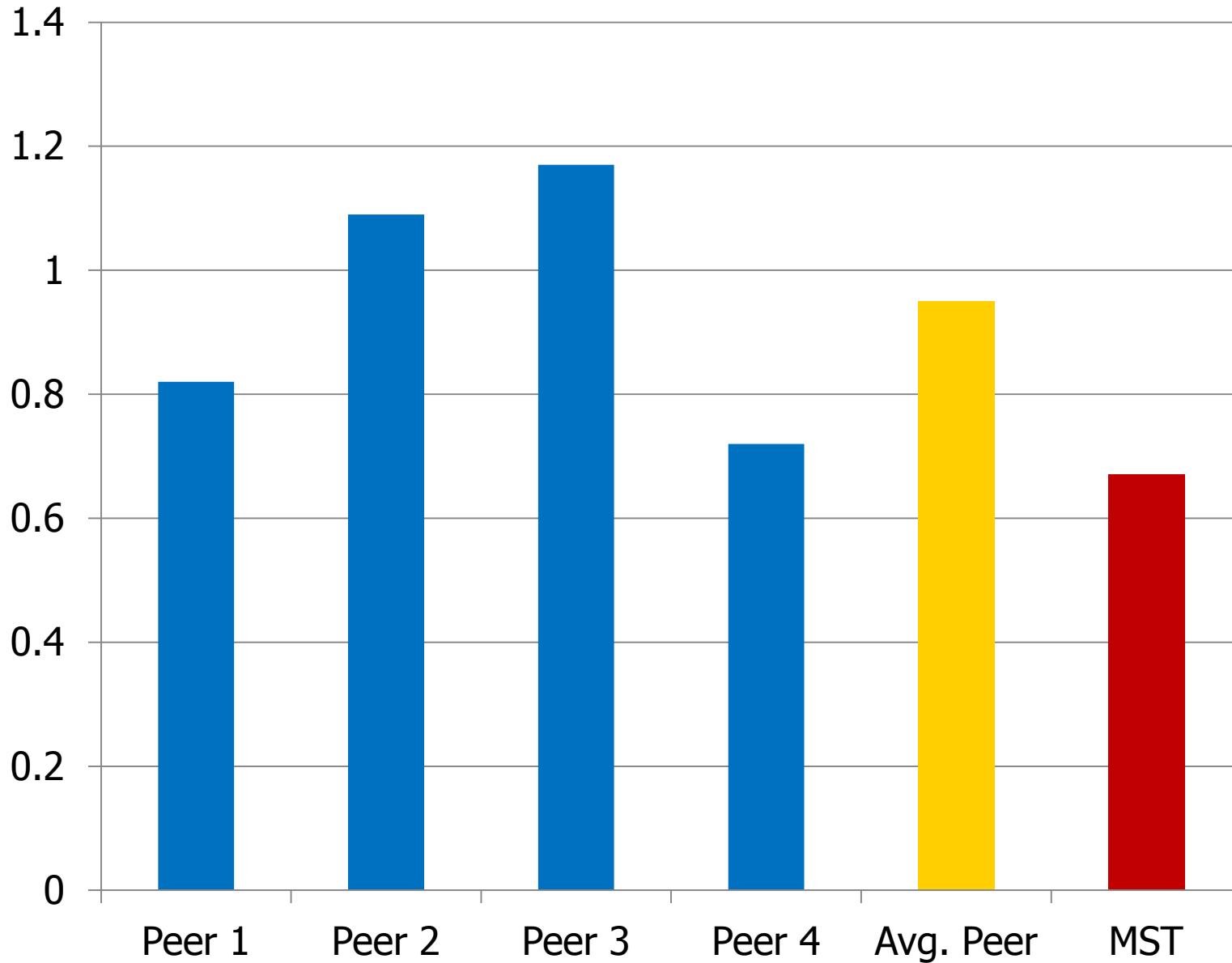


Impacts On Safety

MST CalTIP Experience Modification Factor History FY 2000 - 2012



2011 Peer Accident Frequency / Severity Rating (ExMod)





Over \$220,000 Savings On Insurance Premiums



Worker's Compensation

Inefficiencies built in to the California Workers Compensation system result in delayed diagnosis and treatment of employees resulting in increased costs and loss of productivity to MST, and loss of income to employees





Worker's Compensation

An analysis of MST's claims revealed that reserves for workers compensation claims related costs would increase from \$2.5M in 2009 to \$2.9M in 2011.





Worker's Compensation

Increased funds set aside for workers compensation reserves result in a loss of funds available for MST operations and capital programs



Why was this occurring?

- Older than average workforce
- Third-party administrator and treatment facilities had no vested interest in generating savings
- A culture of abuse existed where employees at all levels viewed system as form of funding personal vacations or retirement
- Lack of staff understanding and tools of how to aggressively manage claims
- Industry-standard was deemed acceptable

Partnership With Occlink

- Identified partner (Occlink) who successfully managed workers compensation programs in local agricultural industry
- Focused on best result for the injured worker
- Provided guidance on reserve practices
- Implemented software tools to assist
- Took control back from TPA's and treatment facilities

Changing the Culture

- Make the message clear from the beginning:

"Employees have a responsibility for their own safety and well being"

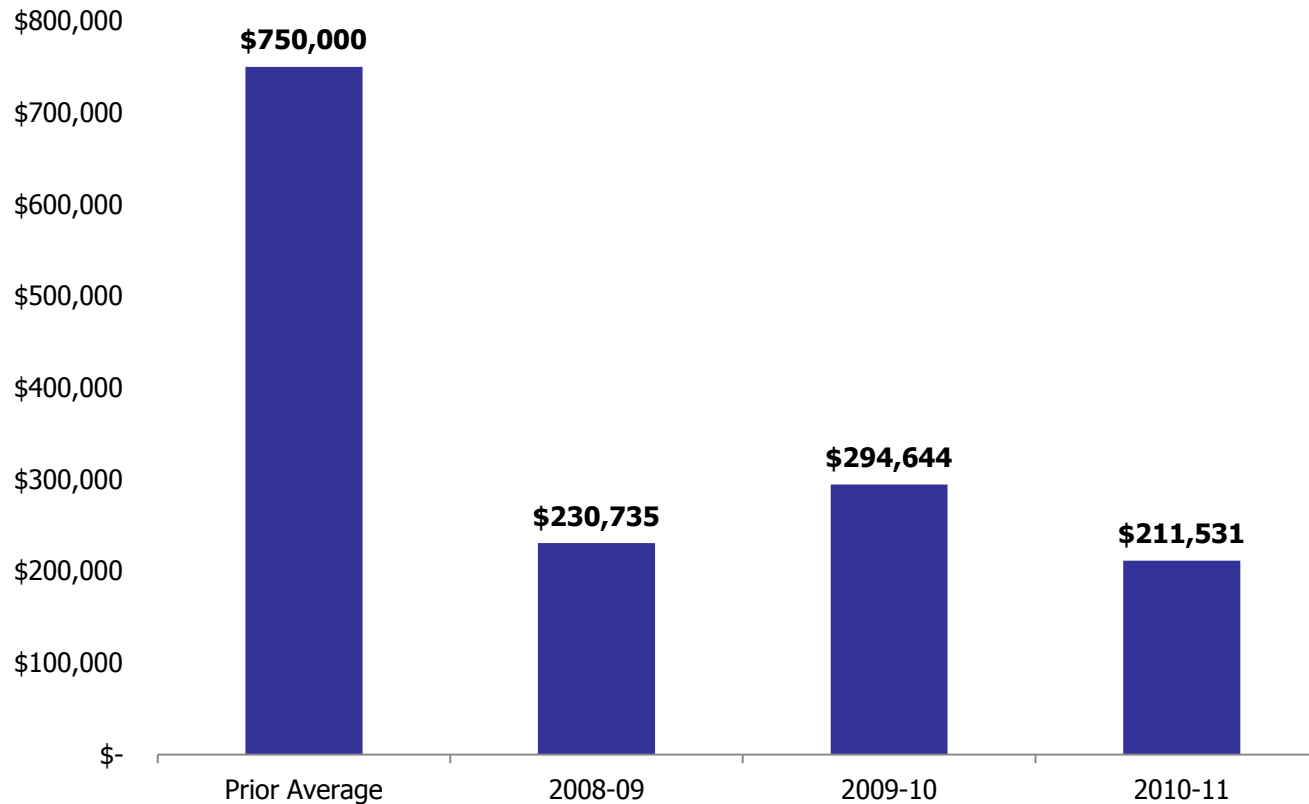
- Offer First–Aid Before Offering a Claim Form

- Only recommend treatment from those facilities with a positive track record of providing timely, quality treatment.

- Remind the TPA and clinic who their customer is

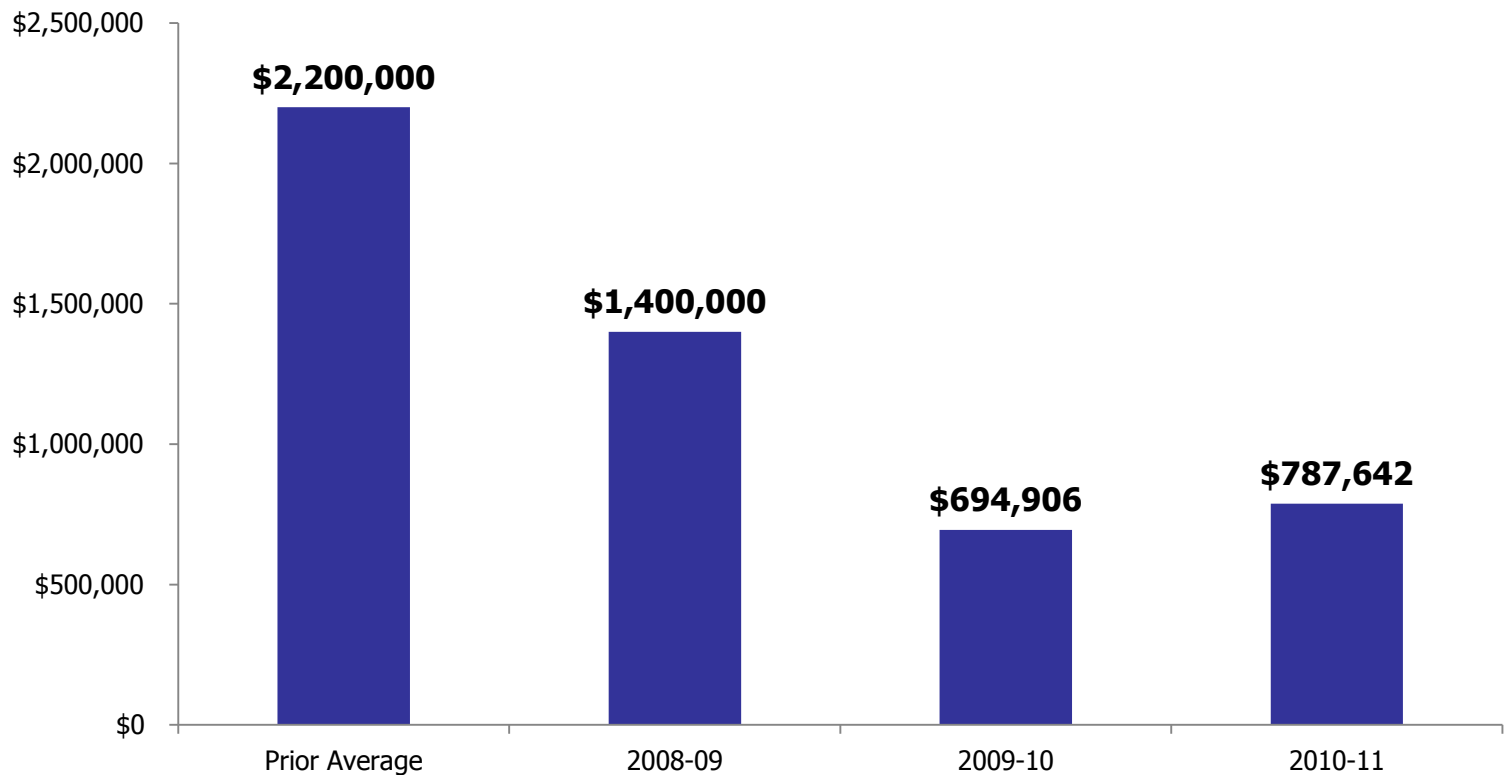
MST Statistics and Performance

Workers Comp Expenses Incurred

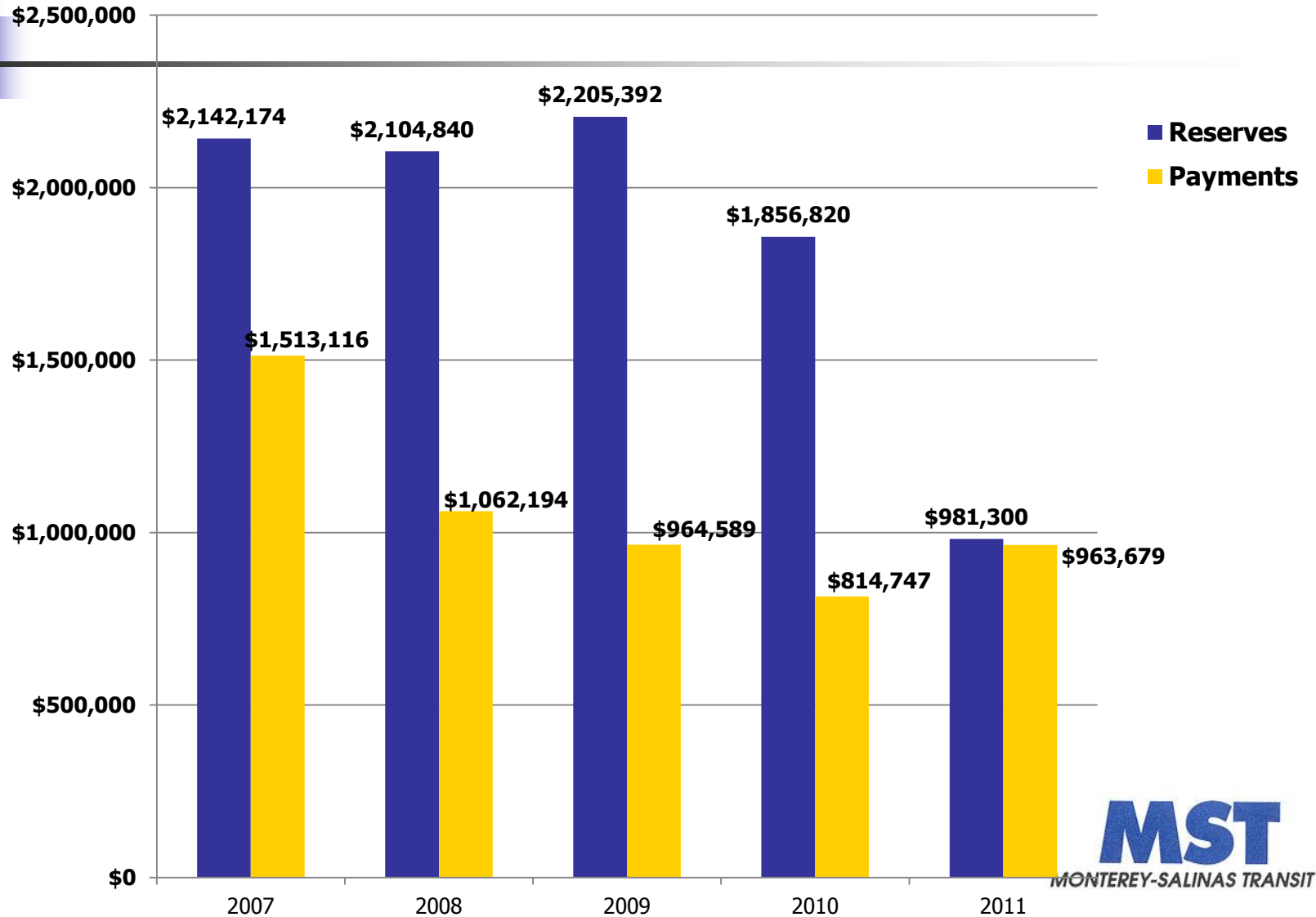


MST Statistics and Performance

Workers Comp Reserve Balance



MST Audited Results



Percentage of Workforce Injured

(Percentage Of Claims Per Employee)



2009 – 2011 Results



During the 2009-11 Fiscal Years, MST experienced on average 17 claims per year, which is a 64% reduction from the average of previous years.

2009-11 Payments averaged \$500,000 per year less than prior 5 year average resulting in a cumulative savings of \$1.5M

MST's reserves were reduced \$2,200,000 to \$980,000 as of June 30, 2011, a reduction of 65% and freeing up \$1.2M from reserves.

Percentage of Workforce Injured reduced 73% from 20.8% in 2002 to 5.7% in 2010 and is now lowest in State.



Findings and Conclusions

- Need to acknowledge that sometimes help is needed.
- Sometimes you need to look outside of the world of transit / public sector for answers.
- Cultures can change for the better resulting in healthier employees, and better finances.



Thank you

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