

Salary Review Report Claim Specialist

Presented to the Salary Review Panel

March 19, 2007

**Local 154
AFSCME
DC 37**

**Title: Claim Specialist
Code Number: 30726**

March, 2007

Salary Review Panel

Dear Members of the Panel:

On behalf of the members of Local 154, I have the pleasure of presenting for your consideration the Salary Review Report for the title series of Claim Specialist. This report shows that the title of Claim Specialist meets several of the Salary Review criteria described in the Memorandum of Economic Understanding between District Council 37 and the City of New York, subscribed in August 2006.

Local 154 is proud to present a report with a balanced and objective analysis of its members' salary and wage conditions. We hope that the Salary Review Panel will provide a positive response to the career and salary recommendations that we include in this report. A positive response will fulfill our members' aspirations of working for the City with dignity and in a safer economic environment.

I will be glad to answer any questions or to provide additional information or documentation at the panel's request.

Sincerely,

Juan Fernandez
President Local 154

Claim Specialist

Introduction

There are approximately 100 Claim Specialists serving New York City. Most of them perform their work at three agencies or departments: the Comptroller's Office, Corporation Counsel and the Transit Authority, while the Housing Authority and the Health and Hospitals Corporation (HHC) employ a limited number of them. The title includes Levels I, II and III, to which each worker is appointed at the discretion of the office manager. At this moment, twenty-nine workers serve at Level I, forty-one at Level II and thirty-one at Level III.

With varying degrees of difficulty and responsibility, Claim Specialists are charged with the investigation, negotiation and adjustment of claims involving the City or one of its public authorities. Claim Specialists conduct field investigations, inspect and photograph scenes of incidents, prepare diagrams, interview witnesses, conduct hearings, review testimony, and negotiate and adjust claims. Their work also includes fraud detection and determination of the City's legal responsibilities related to the claims. In addition, they assist in trial preparation and they prepare pre-trial motions, including ninety day notices, and summary judgments. When assigned to Levels II and III, Claim Specialists investigate highly complex cases, which sometimes are subject to high public scrutiny. CS Levels II and III also supervise and train co-workers in lower titles.

The Claim Specialists work, sometimes independently, other times hand in hand with attorneys, to establish the facts and substance of the claims filed against the City or by the City against individuals or companies. The strength of a claim is determined by the quality of the work performed by the Claim Specialist in the field.

However, Claim Specialists are underpaid and have limited career opportunities. This title is in urgent need of compensation adjustments and of a concerted effort to give workers a much needed career ladder. The following presentation provides the information necessary to understand the Claim Specialists' contributions to revenue producing and cost containment activities in their day-to-day work.

Summary

- The Claim Specialist (CS) title series, which includes CS Level I, II and III, meets three of the salary review criteria listed in Appendix A of the 2005 Memorandum of Economic Agreement: These workers perform important revenue producing and cost containment functions; the title series has evolved to require substantial additional skills and/or responsibilities; and the salaries and compensation benefits do not compare favorably to employees in other public sector and private sector jurisdictions.
- According to information released by the City Comptroller's Office, Claim Specialists have directly helped generate approximately \$3.2 million in revenues from FY 2002 to FY 2005.
- According to information released by the City Comptroller's Office, Claim Specialists have been involved in cost containment activities that have helped the City save millions of dollars.
- Comparison of salaries reveals huge disparities between those of Claim Specialists and their New York State government and private sector counterparts. This disparity increases with experience and number of years on the job, a further indication of the lack of commitment to experienced workers and of the failure to provide them with advancement opportunities.
- Claims Specialists earn \$14,000 to \$15,000 less than comparable New York State titles after 7 years of on the job.
- Claim Specialists' wages and benefits for incumbents are 13% to 27% lower than their counterparts' wages and benefits in the private sector.
- The median base salary ranges from \$37,544 for CS Level I to \$54,600 for CS Level III, whereas the salaries for their counterparts in the private industry range from a median of \$40,896 to \$66,015. The differences in median base salaries of *newly hired* Claim Specialists, at 39% to 46% less than their private sector counterparts, are extreme.
- Claim Specialists have little job recognition and few promotional opportunities. At the Comptrollers' Office, where only 2 workers (5%) are employed at Level 1, there is a modest system of job recognition in place, consisting of promotional opportunities and small merit increases. On the other hand, at the Law Department most of the workers are given no job recognition or promotional opportunities and are kept at Level I for many years at a time, regardless of experience or seniority. Currently, 50% of the Claim Specialists in the Law Department are at Level I, some of them with ten or more years of service in the title.
- The City has been removing lines for Claim Specialists at Levels II and III rather than creating new job opportunities commensurate with those worker experience and skills. Level III workers do not have any promotional opportunities within the Civil Service System.
- Local 154 recommends the creation of a system of career development and worker's recognition that will include:
 1. The maturation of the Claim Specialist Level I into Level II;
 2. The maturation of the Claim Specialist Level II into Level III;
 3. Creation of a Claim Specialist Level IV;

4. The maturation of the Claim Specialist Level III into Level IV
5. Assignment differential for Claim Specialists performing trial preparation;
6. Creation of a salary step plan.
7. Salary differential for education credits and/or training.

Revenue Producing and Cost Containment Functions

The Claim Specialist's work directly generates or helps generate millions of dollars for the City's coffers annually, and plays a key role in containing costly claims against the City.

The professional quality of the Claim Specialist's work assists in defending the City against claims and lawsuits. As part of the Claim Specialists functions, they examine claims and establish the foundation, strengths and weaknesses of the claims brought against the City. Claim Specialists interview witnesses, prepare documents for trial, corroborate statements, prepare detailed diagrams and documents showing circumstances of the incidents, and make settlement recommendations - work that is crucial in establishing the credibility and feasibility of claims. A look at the available information regarding some of the claims under high public scrutiny reveals impressive savings and revenues generated by Claim Specialists (Press Releases in Appendix B.)

1. Examples of Revenue Producing Activities

- In March 2006, the Comptroller's Office reported that since 2002, it "has distributed \$5.9 million in restitution to underpaid workers and collected more than \$520,000 in civil penalties, predominately in prevailing wages cases." (March 8, 2006 Press Release.) Civil penalties collected during 2005 and 2006 combined ascend to more than \$270,000. This effort has been spearheaded by Claim Specialists at the Comptroller's Labor Law Unit who respond to complaints and make field visits to interview workers and gather facts to initiate the cases.
- In July 2005, the Comptroller's Office reported that the City had settled "437 claims with individuals who damaged City property, collecting more than \$1.08 million in Fiscal Year 2005." (July 26, 2005 Press Release.) Further, this press release states that since January 2003, the same office "has reached 1,127 settlements and collected more than \$2.7 million in damages to City property." Damages to City property are investigated by Claim Specialists in the Affirmative Claims Unit and the Property Damage Unit.
- On September 2004, the Comptroller's Office reported that during Fiscal Year 2004, its Affirmative Unit alone had collected more than one million dollars in claims. The same Unit had collected \$577,690 in FY 2003 and

\$523,769 in FY 2002 (September 22, 2004 Press Release.) The Affirmative Unit's investigation work is performed by Claim Specialists.

2. Examples of Cost Containment Activities

- In January 2006, Corporation Counsel reported the dismissal of seven World Trade Center cases arguing that the City was subject to negligence liability standards. The dismissal of the lawsuits, involving millions of dollars, was hailed as an important victory for the City. Claim Specialists played a key role in the unit handling these cases.
- On May 2005, the Comptroller's Office announced, "the City has saved more than \$11 million in the first year after launching a new system to electronically resolve claims against the City." (May 3, 2005 Press Release.) The Cybersettle system is mostly used by Claim Specialists in the Property Damage and Personal Injuries Units. Claim Specialists have rapidly converted a new tool into a great money-saver for the City.
- At the Law Department, during Fiscal Year 2006 the Judgment and Claims Expenditure decreased dramatically by \$82 million - 14% reduction - compared to the previous year. In addition, compared to FY2005 "the Department's efforts to settle tort cases earlier and archive dormant cases led to a nine percent decrease in the number of pending cases in FY 2006." (Fiscal Year 2006 Mayor's Management Report, pp. 143-144). Claim Specialists staff the Torts Division at the Law Department and were instrumental in achieving these cost and caseload reductions.
- In November 2004, the Law Department reported a State Supreme Court ruling reversing a \$5.2 million verdict in a Bronx car crash. (November 15, 2004 Press Release.) The Claim Specialists at the Bronx's Tort Division played a pivotal role in achieving this outcome.

Comparison of Salaries and Compensation Benefits

1. Claim Specialist Salary

Table I shows the salary ranges for Claim Specialist Levels I, II and III as of August 1, 2006. Fringe benefits account for an additional value of approximately 33% of the listed salary. Additions to salary (see Table II), mostly in the form of longevity increases, account for 2% to 8% on top of the base salary.

Practically all Claim Specialists are paid at least the incumbent rate. A review of the actual salary distribution among Claim Specialist shows that the CS Level I median salary, before longevity increases, is \$37,544, slightly above the incumbent's base salary. The median salary for the Level 2 is \$47,112 and the median for Level III is \$54,600.

Table I Claim Specialist Salary (Effective 2/1/07)			
		Hiring Rate	Incumbent Rate
Claim Specialist	Level 1	32,338	37,189
	Level 2	39,818	45,791
	Level 3	46,887	53,908

Table II Claim Specialist Total Longevity Amount (Effective 2/1/07)	
After 1 year	\$735
After 3 years	\$1,471
After 5 years	\$2,209
After 7 ½ years	\$3,090

Using the median salary as a point of departure, a hypothetical CS Level I making the median salary of \$37,544 and with over seven and half years of experience, and thus eligible for the seven and a half years longevity, would be earning a gross salary of \$40,634. On the same premise, a CS Level II, with a median salary of \$47,112 would be earning \$50,202; and a CS Level III earning the median income of \$54,600 and eligible for the seven and a half years longevity would be making a total of \$57.690.

2. Salary Survey

The information used for this section was obtained from two sources: 1. the New York State Department of Civil Service, and 2. Salary.com, a job placement company that surveyed thousands of Human Resources departments at employers of all sizes, in all industries in the New York City area. The New York State Department of Civil Service website includes descriptions of the title Law Department Investigator Level 1, 2 and 3 which are counterparts to the Claim Specialist I, II and III. On the other hand, Salary.com provided us with the job descriptions and duties of Claims Adjuster and Claims Examiner, regular and senior levels, which have been shown to have duties comparable to those of the New York City Claim Specialist title.

a. State and City Comparison

Table III shows the Title and Salary comparison among the NYS Department of Civil Service Law Department Investigator level 1, 2 and 3, and the NYC DCAS Claim Specialist Level I, II and III (Job Descriptions and Grades in Appendix A.) It shows that the NYS Law Department Investigator titles have

base salaries consistently higher than the base salary of their New York City counterparts in the titles of Claim Specialist I, II and III. In addition, the NYS Law

Department Law Department Investigator titles have a seven year step plan that leads to approximately a \$12,000 increase to the worker's salary at the end of seven years. In comparison, most of the workers in the NYC Claim Specialist title are most likely to see only a \$3,090 longevity after 7 ½ years on the job. In addition, State workers receive a location differential in the amount of \$1,302. A State worker in the title of Law Department Investigator 1 could expect to receive a total salary of \$53,759 or \$55,061, if a location differential is added. On other hand, Claim Specialist level I would most likely earn \$40,279 after 7½ years on the job.

Table III Title and Salary Comparison					
NYS Department of Civil Service Title: Law Department Investigator	Base Salary	Grade	Claim Specialist Equivalency	Claim Specialist Base Salary	
				Hiring Rate	Incumbent Rate
Law Dept. Investigator 1	\$42,693	17	Claim Spec. Level I	32,338	37,189
Law Dept. Investigator 2	\$52,643	21	Claim Spec. Level II	39,818	45,791
Law Dept. Investigator 3	\$58,406	23	Claim Spec. Level III	46,887	53,908

* State base salary reflects the grade wages as of February 2007.

Table IV Law Department Investigator Step Plan (seven year plan) Yearly Amount (Effective 2/1/07)		
	Yearly Step	Total Salary After Seven Years
Level 1	\$1,581	\$53,759
Level 2	\$1,754	\$64,924
Level 3	\$1,904	\$71,732

In term of benefits, the most obvious difference between the State and City workers is the health insurance coverage. City workers do not pay for their basic health coverage. On the other hand, State workers pay for a portion of their health insurance. Currently, the cost for a State worker is approximately \$1,000 a year for a single individual and \$4,600 for a family. These amounts do not have a major impact in diminishing the difference of nearly \$14,000 to \$15,000 after seven years in the first level.

Table V Median Salary, Benefits and Bonus Source: Salary.com			
Title in the Survey	Base Salary	Benefits	Bonuses
Claims Examiner	\$40,896	29%	2%
Claims Adjuster	\$53,536	28%	3%
Claims Examiner, Sr.	\$53,770	28%	3%
Claims Adjuster, Sr.	\$66,015	27%	1%

b. Private Sector and City Comparison

Table V shows the median salaries for the positions of Claims Adjuster, Claims Examiner, Claims Examiner, Sr. and Claims Adjuster, Sr.; these positions are equivalent to NYC Title Series Claim Specialist Level I, II and III. The Claims Examiner position requires 0-2 years of experience, the Claims Adjuster and the Claims Examiner Sr. 2-4 years of experience and the Claims Adjuster Sr. at least four years of experience (see Appendix A for job descriptions and salaries).

Table VI Title Equivalency Source: Salary.com				
Survey Title	Survey Base Salary	Claim Specialist Equivalency	Claim Specialist Base Salary	
			Hiring Rate	Incumbent Rate
Claims Examiner	\$40,896	Claim Spec.Level I	31,095	35,759
Claims Adjuster	\$53,536	Claim Spec.Level II	38,287	44,030
Claims Examiner, Sr.	\$53,770	Claim Spec.Level II	38,287	44,030
Claims Adjuster, Sr.	\$66,015	Claim Spec.Level III	45,074	51,835

Tables V and VI shows that the *median salary* of an entry level Claims Examiner, with 0-2 years of experience is 31.5% higher than the base salary of a newly hired Claim Specialist Level I and 13% higher than the median salary of a Claim Specialist who has 3 to 10 years experience. Table V shows that the benefits provided by the companies in the survey are basically similar to the City's, thus the salary discrepancy remains unchanged. The salary survey also indicates a bonus, which might be comparable to a Claim Specialist's three-year longevity.

Table VI shows that the median salary of a Claim Adjuster is 18% higher than the median salary of an incumbent Claim Specialist II, and 39% higher than the salary of a newly hired Claim Specialist II. By the same token, the median salary of a Claim Adjuster, Sr. is 27% higher than the median salary of an incumbent Claim Specialist III and 46% higher than the salary of a newly hired Claim Specialist III.

These huge disparities between the salaries of Claim Specialists and Claims Adjusters and Examiners increase as the experience and number of years on the job increase and are yet another indication of the lack of commitment to retain experienced workers or to provide them with advancement opportunities.

Evolution of the Title to Include Additional Skills and/or Responsibilities

The evolution of the title functions and job activities of Claim Specialists have evolved to include the use of technological tools supporting legal research and other computer applications introduced to speed up the settlement process. The Comptroller's Office introduced Cybersettle as a tool to help with the settlement process in 2004. Claim Specialists have also been trained to use computer applications such as Lexis Nexis, LINK, ISO ClaimSearch, ELaw Manager, and others, designed to produce case management reports and to help in the search for legal, financial, anti-fraud data and personal information on the Internet (Computer Applications in Appendix A).

Conclusions and Recommendations

The Claim Specialists title performs important revenue and cost containment activities. The professional skills of the people in this title improve the investigatory quality of the claims brought to the departments where they work. The Comptroller's Office and the Law Department regularly publicize the successes and commend the work of the units where Claim Specialists contribute to monetary gains and protection of the City's coffers.

Nevertheless, comparison of the Claim Specialists title to their counterparts in the state government and private sector shows that the City of New York Claim Specialists are consistently underpaid. Claim Specialists also face severe limitations in promotional opportunities in agencies and departments throughout the City and in particular at the Law Department.

Local 154 strongly recommends upgrading the salaries of all Claim Specialists in recognition of their outstanding work in helping to generate revenues and exercise cost containment. This Local recommends the upgrade of the Claim Specialist through title maturation and a salary step plan. Claim Specialists would be promoted to the next level after passing probation at Level I, Level II and after Level III, and Claim Specialists would know that after a number of years on the job they would reach the maximum salary in their level. The creation of a Level IV will allow Claim Specialists to see real opportunities in City service by establishing a level with additional responsibilities and opportunities. Since the Claim Specialist work encompasses different degrees of challenges and expertise, a differential recognition should be given to those workers performing Trial Preparation work.

At last, we recommend that the City of New York give salary incentives and credits to the workers who obtain additional training or education.