FY 2014 PERFORMANCE PLAN
Office of Risk Management

MISSION
The mission of the Office of Risk Management (ORM) is to reduce the probability, occurrence and cost of risk to the District of Columbia government through the provision of risk identification and insurance analysis and support to District agencies, and by efficiently and fairly administering the District's public sector workers' compensation, tort liability and captive insurance programs.

SUMMARY OF SERVICES
ORM implements its mission through four programs: Risk Identification, Analysis and Control Division, Public Sector Workers' Compensation Program, Tort Liability Program and the Insurance Program. An individual summary of services is provided by division in each section.

PERFORMANCE PLAN DIVISIONS[1]
- Risk Identification and Analysis
- Risk Control Division
- Risk Financing Division
- Return-to-Work Program
- Agency Management

AGENCY WORKLOAD MEASURES

Measure	FY 2011 Actual	FY 2012 Actual	FY 2013 YTD[2]
Number of OSHA complaints received by ORM from District agencies	34	51	40
Number of workers' compensation claims filed with ORM	1,412	1,379	1,427
Number of tort claims filed with ORM	1,638	1,383	1,033
Number of insurance inquiries received by ORM from District agencies	199	531	545

---

[1] For the purposes of the FY14 Performance Plan, ORM elected to organize the Plan at the agency level instead of by budget division because the budget divisions do not align with the agency's functional divisions. The functional divisions of ORM include: (1) Risk Identification, Analysis, and Control; (2) Public Sector Worker's Compensation Program; (3) Tort Liability Program; and (4) Insurance Program. ORM is in the process of working with the Administration and the Council to re-organize the agency's FY15 budget divisions to more accurately report the agency's budget and properly align future Performance Planning documents.
[2] Data is current as of June 30, 2013.

Office of Risk Management   *FY 2014 Performance Plan*
Government of the District of Columbia   *Published October 2013*

1

OBJECTIVE 1: Reduce the level and cost of risk to the District government.

INITIATIVE 1.1: Determine the areas where the District has the greatest exposure to risk and make recommendations to minimize its occurrence.
The Office of Risk Management requires all Agency Risk Manager representatives (ARMRs) to report the cost of risk (the total cost of losses, risk control, risk financing and risk administration) associated with the risk management function quarterly. In FY12, ORM surveyed available FY10 and FY11 agency cost of risk data to determine whether the total costs of the risk management functions increased, decreased or remained constant, and made recommendations to the agencies as appropriate. In FY13, this initiative was put on hold while trying to hire a RIAC manager. In FY14, ORM plans to hire a new manager to carry out this initiative. ORM will use the results of the FY12 survey to determine the District's top five areas of risk exposure. This information will be used to provide recommendations to District agencies to minimize the probability, occurrence and impact of losses to the District of Columbia government and provide a safe working environment for employees. Completion Date: September 30, 2014.

INITIATIVE 1.2: Reduce property damage claims filed against the District by providing defensive driver training to District employees who use a vehicle for District government business.
The Office of Risk Management (ORM) delivers Occupational Safety and Health Awareness (OSHA) training to District government employees. In past years, ORM and the Department of Human Resources (DCHR) have provided training to the District government workforce in courses on fire safety, preventing slips and falls in the workplace and introduction to OSHA. In FY13, this initiative was put on hold while trying to hire a RIAC manager. In FY14, ORM plans to hire a new manager to carry out this initiative. In an effort to reduce motor vehicle accidents and injuries in the workforce, ORM will partner with DCHR and other District government agencies to provide defensive driving training to 300 District employees who use a vehicle for District government business. The training program is available to all District employees who wish to participate, except for Fire and EMS Department and Metropolitan Police Department employees, who already receive such training from their agencies. Completion Date: September 30, 2014.

INITIATIVE 1.3: Improve ORM's management of recommendations to agencies from various sources.
The Office of Risk Management (ORM) is responsible for implementing and maintaining a system for managing agency responses to outstanding recommendations from various sources, including the Inspector General and the DC Auditor. In FY13, ORM partnered with the Office of the City Administrator to develop a Quickbase database to track agency responses to audit recommendations. In FY14, ORM will complete and roll out the database. This database will allow ORM to better track open, unresolved audit recommendations and to hold agencies accountable for bringing them to closure. Completion Date: September 30, 2014.

Office of Risk Management   *FY 2014 Performance Plan*
Government of the District of Columbia   *Published October 2013*

2

OBJECTIVE 2: Improve the management and efficiency of the Public Sector Workers' Compensation Program.

INITIATIVE 2.1: Reduce the overall average payment cost of workers' compensation cases for the last two four year periods.

In FY12 and FY13, ORM reduced the average number of days a claimant received Public Sector Workers' Compensation Program (PSWCP) benefits for claims opened during those fiscal years. Claims two years and older, however, continue to be responsible for ninety percent (90%) of spending on the PSWCP. For example, ORM paid $28.4 million for claims from the 2004 to 2008 four year time period. In FY14, ORM proposes to review its data to determine if there has been a reduction in cost of claims for the 2009 to 2013 fiscal years. In addition to resulting in savings for the program, this effort will also provide an overview of effective strategies in improving claims handling, including the impact of recent legislative and regulatory changes. Completion Date: September 30, 2014.

INITIATIVE 2.2: Launch a job bank and network with other government entities to return long-term unemployed injured claimants back into the work force.

In the past, the Public Sector Workers' Compensation Program's (PSWCP) Return-To-Work (RTW) program's main objective was to temporarily place injured workers in alternative modified work assignments, in order to facilitate their transition back to full duty on a permanent basis. In FY13, the vision and scope of the Return to Work program was expanded to positively impact long-term claimants whose original D.C. government jobs have been eliminated and who have permanent duty restrictions. The Return to Work Officer established a process for employees to attend training workshops and to report all successful interviews to the Officer. Under this process, employees track their progress and submit reports to ORM. By doing so, the employees remain active in their search for employment. In FY14, this program will be expanded to reach a larger number of claimants and to provide expanded services. ORM will measure its success by documenting the number of claimants who attend workshops, who have successful interviews, and who obtain employment, and the number of claimants that ORM refers to other government agencies (i.e. DCHR, DOES) for job placement assistance. Completion Date: September 30, 2014.

INITIATIVE 2.3: Improve data accuracy, auditing and analysis.

In FY12, ORM hired a Compliance Review Auditor to improve the overall efficiency of the PSWCP. The Compliance Review Officer is responsible for developing and executing financial and operational risk based audits as well as making recommendations for losses or claims that appear to be fraudulent in nature as the result of investigation. In FY13, the Compliance Auditor audited overpayment files, reviewed large payment calculations and audited files to determine actions taken after Additional Medical Examination reports were issued. This work reduced the PSWCP's financial exposure and contributed to a significant increase in overpayment/subrogation revenue to the program. In FY14, ORM will hire a Program Analyst to draft policies, procedures and evaluate program performance. The Compliance Officer and Program Analyst positions

Office of Risk Management   *FY 2014 Performance Plan*
Government of the District of Columbia   *Published October 2013*

3

will continue to improve the overall accuracy, auditing and analysis of program data. Completion Date: September 30, 2014.

OBJECTIVE 3: Reduce the number of lawsuits against the District government.

INITIATIVE 3.1: Resolve tort claims more efficiently.
In FY13, ORM's Tort Program implemented several new polices to more efficiently resolve tort claims. ORM's Tort Manager began reviewing all claims that were filed with the agency for legal sufficiency, and also instituted deadlines for resolution of clear liability/ low exposure claims and following up with relevant District agencies for all documents/information necessary to resolve claims. As a result of these and other polices implemented by the program, ORM saw a decrease in the number of days necessary to resolve claims. In FY14, ORM will build on the policies established in FY13 and decrease the number of days it takes to resolve tort claims by five percent. Completion Date: September 30, 2014.

OBJECTIVE 4: Recover money owed to the District as a result of tortious acts by third parties.

INITIATIVE 4.1: Increase subrogation revenue recovered by the Tort Program.
In FY13, ORM launched a city-wide subrogation initiative and developed several new policies to assist with its subrogation efforts. ORM met with all of the District's Agency Risk Manager Representatives ARMRs to discuss the importance of subrogation to the District and to explain the subrogation process to them. ORM also began tracking the subrogation efforts and monies received by the District Department of Transportation (DDOT), the Department of Public Works (DPW) and the Metropolitan Police Department (MPD).[3] ORM's Tort Manager also began to review all of the Office of the State Superintendent of Education's (OSSE) Accident Review Board Collision Reports to attempt to locate incidents where the District could pursue subrogation claims against tortfeasors who have damaged OSSE school buses. As a result of this review, ORM has opened and is currently pursuing over a dozen subrogation claims involving damage to OSSE school buses. In FY14, with the hiring of a claims specialist who will focus primarily on subrogation claims, ORM will increase subrogation revenue recovered by the Tort Program. The new claims specialist will investigate, create and pursue all subrogation claims initiated by ORM, and will also work with other District agencies to assist them with their subrogation efforts. Completion Date: September 30, 2014

OBJECTIVE 5: Increase contractual risk management and awareness of District agencies.

INITIATIVE 5.1: Provide insurance and risk management guidance and training to District government agencies with independent procurement and grant making authority.

---

[3] As of June 30, 2013, DDOT, DPW and MPD have collected over $160,492 dollars in subrogation funds on behalf of the District.

Office of Risk Management *FY 2014 Performance Plan*
Government of the District of Columbia *Published October 2013*

4

The purpose of this initiative is to continue to provide guidance and training to District agencies on how to decrease the District's exposure to contractual risk. In FY12 and FY13, ORM conducted insurance roundtables where contracting officers and other procurement personnel shared knowledge and discussed trends and challenges related to the insurance and contractual risk management aspect of procurement. As a result of these efforts, ORM assisted with drafting new policies in various risk areas. During FY14, ORM will develop general insurance risk management policies and procedures applicable to: (1) agencies with independent procurement authority that is not administered by the Office of Contracting and Procurement (OCP); and to (2) agencies with grant-making authority that falls outside of OCP Policy 3002. Completion Date: September 30, 2014.

OBJECTIVE 6: Ensure DC residents' access to affordable health care.

INITIATIVE 6.1: Offer in-house risk management seminar to Captive members.
ORM administers the D.C. Captive, which provides medical malpractice liability insurance to four non-profit community health clinics. By providing subsidized insurance to clinics that are otherwise not able to afford market-rate insurance, the D.C. Captive facilitates thousands of residents' access to affordable health care and wellness education. With the assistance of the Captive Manager and the D.C. Captive Advisory Board, in FY14, ORM will conduct an in-house risk management seminar at the location of each insured clinic. The in-house risk management seminar will be available to all insured staff of each health centers. Completion Date: September 30, 2014.

OBJECTIVE 7: Reduce risks to District property.

INITIATIVE 7.1: Build a stronger District property risk management program with a combination of self-insurance and private insurance.
In FY13, the scope of the Captive was expanded to include the purchase and issuance of property insurance for District government buildings. In FY14, the Captive will use a comprehensive inventory of District buildings to obtain property appraisals of District buildings, and secure the services of an insurance broker to obtain comprehensive property insurance. Completion Date: September 30, 2014

KEY PERFORMANCE INDICATORS – Office of Risk Management

Measure	FY 2012 Actual	FY 2013 Target	FY 2013 YTD[4]	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Percentage of District Government vendors in compliance with ORM minimum insurance requirements	100%	100%	NA	100%	100%	100%
Number of environmental and safety inspections/re-inspections at District Government buildings	617	615	415	615	615	615
Percentage of eligible facilities for which agencies have submitted an Emergency Response Plan (ERP) for approval by ORM	85%	100%	72.67%	100%	100%	100%
Total Cost of the Public Sector Workers' Compensation Program (in millions)	$21.8 million	$17 million	$11.3 million	$17 million	$17 million	$16 million[5]
Average number of days a claimant receives workers' compensation benefits for claims opened within the fiscal year.	26.02	24.71	12.49	23.47[6]	22.29	21.67
Number of workers' compensation claims per 100 FTEs	15	14.25	14.08	13.54[7]	12.87	12.50

---

[4] The data shows cumulative data totals from October 1, 2012 – June 30, 2013.

[5] In FY 2014, the Program will go through a transition period with a new Third Party Administrator (TPA), which may affect the rate of savings in FY 14 and FY 15. The projection for FY 16 is a five percent decrease in spending in anticipation of savings at that time.

[6] The FY 14 –FY 16 projections decrease by five percent per year. The projections were changed because the actual number for FY 13 is lower than originally projected.

[7] There is a projected five percent decrease for FY 15. The number of claims per FTE is expected to level off by FY 16, therefore, the projection is a three percent decrease

Office of Risk Management *FY 2014 Performance Plan*
Government of the District of Columbia *Published October 2013*

6

Measure	FY 2012 Actual	FY 2013 Target	FY 2013 YTD[4]	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Average payment on claims that are four years or less (in millions)8	NA	NA	$11.9 million[9]	$11.3 million	$10.7 million	$10.1 million
Number of employees returning to work and/or participating in job club	583	612	265	643	675	708

---

[8] This is a new KPI in FY14.

[9] As of June 30, 2013, ORM has paid $11.3 million in medical and indemnity costs for all claims opened between CY 2009 and 2013. The goal prospectively is to spend five percent less on these older claims every year

Office of Risk Management   *FY 2014 Performance Plan*
Government of the District of Columbia   *Published October 2013*

7