



FY09 PERFORMANCE PLAN District Office of Risk Management

MISSION

The Office of Risk Management (ORM) provides risk identification, analyses, control and financing direction and support to District Agencies so they can minimize the total cost of risk and improve safety in the workplace.

SUMMARY OF SERVICES

The Office of Risk Management supports agencies' efforts to minimize the total cost of risk. ORM services include identifying gaps in agencies' risk management practices, recommending and overseeing the implementation of appropriate responses, administering the District of Columbia Government Employees' Disability Compensation Program and Tort Liability Program, providing risk management training to District employees and conducting risk management assessments of all District Government facilities and operations.

OBJECTIVE 1: Reduce the District Government's financial risk by \$200M or more with the implementation of a comprehensive Property Insurance Program.

INITIATIVE 1.1: Identify the District's insurable assets.

The District of Columbia does not have a central data repository that manages and audits the lists of property and contents it currently occupies or owns. By the end of March 2009, the Office of Risk Management will determine the cost to insure all of the Districts assets, and will identify which insurance brokers and providers will be solicited for bids.

INITIATIVE 1.2: Conduct property valuations on the District's insurable fixed assets.

Depending on the costs to provide property valuations, the Office of Risk Management will need to engage a contractor to assess the cost to replace buildings and equipment in the event of a fire or catastrophic event. The results of that assessment will enable ORM to present accurate data to insurance markets to secure quotes for a property insurance program. By the end of April 2009, the contractor will complete the assessments and create a Property Valuation report.

INITIATIVE 1.3: Select an Insurance Broker.

The District of Columbia has self insured its risk of property loss from the time the city was founded. In 2007, the City suffered two major events that impacted its bottom line. The first event was a fire that consumed the roof and top floors of the historic Georgetown Library. The second loss was another fire that partially destroyed the historic Eastern Market facility. Both losses were in excess of \$20M each. The cost to insure the District's portfolio will be approximately \$4.5M, enabling a 90 percent return on investment in FY10.

OBJECTIVE 2: Enhance growth in the Medical Liability Captive Insurance Company (MLCIC) of 5% by soliciting participation from certain qualified Healthcare providers

INITIATIVE 2.1: Solicit additional MLCIC participants.

With the complete implementation of the MLCIC, we are now in a position to begin finding opportunities for MLCIC to increase its revenue. There has been considerable interest shown in the captive from local medical providers looking to save money on prohibitive costs of malpractice insurance. DOH, as well as other agencies, has also reflected on MLCIC and how it might be able to remedy some of the issues the District is having with regard to finding the appropriate medical providers to operate in various other non-profit DC clinics. By attracting



some of those select providers to participate in MLCIC, ORM will be able to extend the longevity of the MLCIC beyond its life expectancy of 40 years.

OBJECTIVE 3: Establish ORM as an insurance consultant for Contracting and Procurement through the authorizing agency of OCP to reduce risk assumed by the District.

INITIATIVE 3.1: Develop minimum insurance requirements that can be shared across all District Agencies.

Boilerplate language is currently being developed by the Office of Contracting & Procurement, which will provide the basis for insurance contract language in various service and construction related contracts. Most nominal value contracts will not necessitate involvement from ORM once implemented, but contracts of material value will require ORM sign-off and approval before signatures are applied. We will approve and implement final versions of the insurance requirements by December 2008. ORM will facilitate the training that will be offered to educate OCP and others on what the new language means and the issues that could arise with enforcement.

OBJECTIVE 4: Increase Public Occupational Safety and Health Awareness District-wide.

INITIATIVE 4.1: Implement a District-wide public occupational safety and health awareness campaign.

Ensure that 10 percent of District-Employees receive Level 1 basic occupational safety & health awareness training by the end of July 2009.

INITIATIVE 4.2: Conduct environmental and structural inspections at District Government buildings.

The inspections that are conducted by ORM Inspectors are ongoing tasks that cross fiscal years; however, based on our FY07 and FY08 inspection activities, the RIAC Division's main goal is to ensure that building inspections and follow-up inspections are: (a) conducted in line with the Occupational Safety and Health Administration's (OSHA) guidelines and (b) communicated to the Directors and Agency Risk Management Representatives (ARMR's) to ensure that the buildings are safe, healthy and comply with OSHA standards and regulations.

INITIATIVE 4.3: Compile and analyze inspection results in preparation to submit an environmental/building improvement proposal to OPM and/or building "landlords" that focus on developing solutions to improve the safety and health environment for District employees.

Historically, the ORM Inspectors have identified recurring safety and structural hazards in the District's buildings. The goal of this initiative is to compile historical data from prior and current fiscal years and to develop relationships with the Office of Property Management and landlords to begin to document and track the city-wide structural hazards. The ORM is committed to submitting a proposal in FY2010 that will highlight the findings and provide recommendations that will allow OPM and the appropriate landlords the opportunity to comply with OSHA's standards and regulations.

OBJECTIVE 5: Implement a "How Am I Driving? Call 311" Program for District of Columbia Government Vehicles.

INITIATIVE 5.1: Affix "How am I Driving? Call 311" bumper stickers and insert Accident Reporting Procedures packets into glove compartments of 100% of District government vehicles that are identified after the District-wide fleet reduction initiative.



INITIATIVE 5.2: Work closely with the 311 Call Center Manager and all Agency Risk Management Representatives (ARMR's) to track the calls from the 311 center by agency, by complaint versus compliment.

Develop a tracking system that holds each agency responsible for appropriate follow through to all key stakeholders that are involved in the 311 call. Monitor the necessary training recommendations for District employees resulting from the 311 call.

OBJECTIVE 6: Implement various cost saving measures within the Disability Compensation Program (DCP) to help reduce DCP costs by 5 percent.

INITIATIVE 6.1: Effectively measure the outcome of our program with a goal of an overall cost reduction of 5 percent.

Based on the size and scope of the DCP program, the number of agencies involved, and the historical concerns of the program, it was assessed that 5 percent would be an attainable goal. The average quarterly payout in FY07 was \$4,983,047.25 and the average quarterly payment for FY08 was \$5,294,946. Currently the average quarterly payment is trending up and the primary driver is the indemnity payments related to adverse awards, settlements, cost of living adjustments, as well as back-cost of living adjustments. In addition, the cost of medical care continues to escalate.

INITIATIVE 6.2: Implement a District Wide Intranet Light/Modified Duty Job Depository.

This site will serve as a central location where the Return to Work Coordinator and Agency HR Representatives can locate alternate Light/Modified Duty positions for individuals returning to work. The core customers of this site will be employees returning to work with job restrictions.

INITIATIVE 6.3: Reduce Lost Wage Payments to Injured Workers as a result of their Return to Work Light/Modified Duty.

The Return to Work Program is in place to ensure that injured workers returning to work with limitations or restrictions are accommodated and given the opportunity to return to gainful employment.

PROPOSED KEY PERFORMANCE INDICATORS



Measure	FY07 Actual	FY08 Target	FY08 YE Actual	FY09 Projection	FY10 Projection	FY11 Projection
Objective 1						
Reduce the District's % of insurable financial risk with the implementation of a comprehensive Property Insurance Program	N/A	N/A	N/A	0%	25%	60%
Objective 2						
Annual incremental growth in the Medical Liability Captive Ins. Company (MLCIC)	N/A	N/A	\$8.6M	\$9.03M	\$9.48M	\$9.96M
Objective 3						
% of District agencies engaged by ORM	N/A	N/A	N/A	25%	40%	55%
Objective 4						
# of environmental and structural inspections/ re inspections at District Government buildings. (inspections/re-inspections/total)	350	269	269	309	5% increase	5% increase
	326	283	283	325		
	676	552	552	634		
Objective 5						
% of District vehicles with affixed "How's My Driving bumper sticker and Accident Reporting Procedure packets	N/A	N/A	N/A	100%	100%	100%
Call Center Complaint to Compliment ratio	N/A	N/A	N/A	1:1	1:2	1:3
Objective 6						
Total Cost of Disability Compensation Program (These amounts reflect settlements and adverse awards against the program.)	\$19,932,189	\$18,935,580	\$21,904,135	\$20,808,929	\$19,768,482	\$18,780,058
Total amount of lost time (days) in Disability Compensation Program	379,430	360,459	414,572	393,843	374,151	355,444
Average cost per injury per claim	\$8,550.92	\$8,123.38	\$4,545.02	\$4,317.77	\$4,101.88	\$3,896.79
%, # of agencies participating in the District wide Intranet Light/ Modified Job Depository	N/A	5% 7	5.5% 8	50% 19	75% 28	100% 38
Total cost savings per Employee (Avg Comp Rate * Avg # of days in Light Mod-Duty)	N/A	N/A	\$2,803	\$2,943	\$3,090	\$3,245