



FY2012 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's Risk Identification, Analysis and Control Division conducts risk management assessments of District agencies' facilities and operations by identifying gaps in risk management practices and conducting building inspections, making related recommendations and overseeing their implementation, providing risk management training to District employees, and overseeing the formulation of agency emergency response plans. The Public Sector Workers' Compensation Program (PSWCP) receives workers' compensation claims from injured District government employees, adjusts and manages those claims through its Third Party Administrator (TPA), and provides compensation and services to claimants, including medical and return-to-work services. The Tort Liability Program receives and investigates claims against the District government with the goal of negotiating and preparing claims for fair and timely settlement. The Insurance Program oversees the District's Medical Liability Captive Insurance Agency, which provides medical malpractice insurance to non-profit community health centers, and also provides advice to District agencies on risk and insurance policies and practices.

AGENCY WORKLOAD MEASURES

| Measure | FY2009 Actual | FY2010 Actual | FY 2011 Actual |
|--|------------------|------------------|-------------------|
| Number of OSHA complaints received by ORM from District agencies | Not Available | Not Available | 34 |
| Number of workers' compensation claims filed with ORM | 1,386 | 1,391 | 1412 |
| Number of tort claims filed with ORM | 2,023 | 2,298 | 1638 |
| Number of insurance claims filed against Captive members | 0 | 0 | 1 |
| Number of insurance inquiries received by ORM from District agencies | Not Available | Not Available | 199 |

OBJECTIVE 1: Reduce the level and cost of risk to the District government by increasing occupational safety.

INITIATIVE 1.1: Increase public occupational safety and health awareness District-wide by training 10% of the workforce of each District government agency in OSHA skills. (PUBLIC SAFETY and FISCAL STABILITY)



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 approximately 35 percent of the District government workforce in courses on fire safety and preventing slips and falls in the workplace. In FY 12, in an effort to further bring awareness and educate District government employees about OSHA standards and regulations, the Office of Risk Management will launch the “FY2012 OSHA Employee Safety Awareness” program. The goal of the initiative is to establish safety awareness within all District government agencies and to ensure that ten percent of the workforce of each agency under the Mayor’s authority successfully completes a training course entitled “Introduction to OSHA.” ORM will partner with other District government agencies to ensure that the training is accessible by creating multiple learning resources, including: online e-Learning, computer-based training, and instructor-led training. **Completion Date: September 30, 2012.**

INITIATIVE 1.2: Conduct cost of risk survey to identify total cost associated with the District’s risk management function. (FISCAL STABILITY)

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 FY 2012, ORM will survey available FY 2010 and FY 2011 agency cost of risk data to determine whether the total costs of the risk management function are increasing, decreasing or remaining constant, and to make recommendations to the agencies, as appropriate. The goal of the initiative is to establish a cost of risk comparison and a monitoring system that allows the ARMOR to evaluate whether current efforts are resulting in lower risk and cost savings, and to focus on the areas of operation that will have the greatest long-term effects on its total risk management function costs. Ultimately this analysis should assist agency directors with budget and management decisions. **Completion Date: September 30, 2012.**

INITIATIVE 1.3: Achieve 100% participation of all District agencies required to create and submit Emergency Response Plans (ERPs). (PUBLIC SAFETY)

ORM is charged with ensuring that every District of Columbia agency has an Emergency Response Plan (ERP). OSHA Industry standards require written emergency evacuation plans under the General Industry Standard 29 CFR 1910.38. ERPs include the required evacuation plans and ensure that each District agency has a plan of action to secure the safety of employees in the event of an emergency. As of the end of FY 11, approximately 75 percent of agencies had submitted an ERP to ORM. In FY 12, ORM will assist the remaining 25 percent of agencies with the creation and submittal of Emergency Response Plans. **Completion Date: September 30, 2012.**

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



INITIATIVE 2.1: Reduce the average number of days on workers' compensation. (FISCAL STABILITY)

Reducing the average number of days an employee is on workers' compensation keeps employees healthy, productive and working, and reduces the cost of the program to District taxpayers. In FY 2012, ORM will reduce the average number of days by launching an enhanced Return-To-Work (RTW) program, improving claims management, providing ongoing training to adjusters, and strengthening policies and procedures. ORM will evaluate this initiative with two measures. First, ORM will measure the average number of days an employee whose claim is accepted in FY 2012 receives temporary total disability (TTD) payments. In FY 11, the average number of days was 54.14. This number will measure how efficiently ORM is handling new claims in FY 12. Second, ORM will measure the overall average number of days an employee is off work. This number will measure this information for the entire workers' compensation population, to include pre-FY 12 claims.¹ **Completion Date: September 30, 2012.**

INITIATIVE 2.2: Launch an enhanced return-to-work (RTW) program. (FISCAL STABILITY)

In the past, the PSWCP's Return-To-Work (RTW) program's main objective was to temporarily place injured workers in alternative modified work assignments, in the hopes that the temporary placement would make them more likely to return to full duty on a permanent basis. In FY 2012, thanks to an FY 2012 budget enhancement, the vision and scope of the program will be expanded to positively impact the broader workers' compensation population. In addition to continuing to encourage agencies to return more injured employees back to work in a modified duty capacity, the Program will also identify medium and long-term workers' compensation claimants who can return to work with improved medical care and vocational rehabilitation counseling. Through weekly roundtable discussions with claims examiners, supervisors, and nursing staff, the Program will develop strategies and individual action plans to successfully return employees back to work, or to identify claimants' earning capacity and make benefits adjustments as appropriate. ORM will also collaborate with the Department of Employment Services (DOES) and Department of Human Resources (DCHR) for potential employment assignments, either in the private sector or District government, for workers who are unable to return to their pre-injury agency positions. **Completion Date: September 30, 2012.**

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

Initiative 3.1: Increase the percentage of settled tort claims received by ORM. (FISCAL STABILITY)

According to the ICMA Center for Performance Measurement, the mean percentage of commercial general/public entity liability claims that proceed to litigation for jurisdictions above 100,000 in population is 5.9 percent. ORM's Tort Liability Program receives approximately 1200 claims annually, however, it has never tracked the outcome

¹ Because of historic deficiencies in record-keeping within the program that date back decades, ORM is not able to accurately measure the average number of days on TTD for the entire workers' compensation population.



of its tort claims by fiscal year so that it can determine a similar measure for the District. In FY 2012, the Tort Liability Program will create a measure to determine this statistic and will also renew its efforts to increase the number of claims it settles so that the level of unnecessary litigation against the District is decreased. It will do so by hiring one additional claims specialist, improving its claims management practices so that claims are properly and quickly disposed of, and consulting more often with the Office of the Attorney General throughout the claims process.

Completion Date: September 30, 2012.

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

Initiative 4.1: Launch city-wide subrogation initiative. (FISCAL STABILITY)

ORM's PSWCP recoups expenses for workers' compensation claims where a District government employee is injured as a result of a third party's negligence. The Tort Liability Program also pursues subrogation claims against third parties whose negligence results in damage to District government property. At the end of FY 2011, ORM had collected approximately \$26,330 through the Tort Liability Program's efforts and \$104,660 through the work of the PSWCP's Third Party Administrator. In FY 2012, ORM will increase its subrogation revenue by increasing collaboration between the Tort Liability Program and the PSWCP, hiring an additional torts claims adjuster, training torts and PSWCP claims adjusters, improving internal reporting on subrogation revenue, coordinating with and better educating District government agencies on how to identify potential recoveries, and strengthening related policies, procedures and controls. The impact will result in more revenue and financial accountability to District taxpayers.

Completion Date: September 30, 2012.

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

INITIATIVE 5.1: Provide insurance and risk management training to District government agencies. (FISCAL STABILITY)

The purpose of this initiative is to provide training and information to the District's agencies on how to decrease the District's exposure to contractual risk. In FY 2012, ORM will create comprehensive risk management training strategies for the benefit of District government agencies. The strategies and modules will include developing insurance risk management training modules for all existing and new contracting officers and Agency Risk Management Representatives. ORM will also develop a quarterly insurance roundtable where contracting officers and other personnel can share knowledge and discuss trends and challenges they encounter as related to the insurance and contractual risk management aspect of procurement. Additionally, ORM will educate a broader range of agencies about its insurance resources and provide them with strategic insurance and risk advice. **Completion Date: September 30, 2012.**

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



INITIATIVE 6.1: Solicit additional healthcare providers and new partners to participate in the Medical Liability Captive Insurance Company (“DC Captive”).

ORM administers the DC Captive, which provides medical malpractice liability insurance to non-profit community health clinics. From FY 2009 through FY 2011, the DC Captive ensured seven clinics. By providing subsidized insurance to clinics that are otherwise not able to afford market-rate insurance, the DC Captive facilitates thousands of residents’ access to affordable health care and wellness education. In FY12, ORM plans to support more healthcare options for DC residents by soliciting new members of the DC Captive, including exploring the feasibility of expanding the DC Captive to include other government programs, as other municipalities have done with government captives. The DC Captive will also assist clinics with reducing their financial exposure by providing them with risk management training and recommendations. **Completion Date: September 30, 2012.**

PROPOSED KEY PERFORMANCE INDICATORS

| Measure | FY2010 Actual | FY 2011 Target | FY2011 Actual | FY2012 Projection | FY2013 Projection | FY2014 Projection |
|---|----------------------|----------------------------|----------------------|--------------------------|--------------------------|--------------------------|
| Percentage of District Government vendors in compliance with ORM minimum insurance requirements ² | Not Available | 100% | Not Available | 100% | 100% | 100% |
| Number of environmental and safety inspections/re-inspections at District Government buildings | 508; 82; 586 | 615 | 619 | 615 | 615 | 615 |
| Reduce the number of “How Am I Driving?” 311 complaint calls (percent decrease and # of complaints) | -17% (991) | -15% (842) ³ | -1% (981) | -15% (834) | -15% (709) | -15% (603) |
| Total Cost of Public Sector Workers’ Compensation Program (these amounts include settlements and adverse awards against PSWCP). | \$24.8M | \$21.5M | \$22.1M | \$17M | \$17M | \$17M |
| Average number of days an FY 12 claimant receives workers’ compensation benefits ⁴ | Not Available | Not Available | 54.14 | 51.44 | 48.87 | 46.43 |

² ORM started reviewing vendor insurance information in FY 2010, however, complete records of the total percentage of vendors in compliance are not available because it is not known what percentage of contracts were submitted by the Office of Contracting and Procurement (OCP) to ORM for review. As of the end of FY 2011, OCP has incorporated ORM’s review system into the Procurement Automated Support System (PASS) to ensure that ORM is sent 100 percent of eligible contracts to review for compliance.

³ This represents a 15 percent reduction from the FY 2010 total number of calls (973). The FY 2012 target is a 15 percent reduction from the FY 2011 target, the FY 2013 target is a 15 percent reduction from the FY 2012 target, and the FY 2014 target is a 15 percent reduction from the FY 2013 target.

⁴ This number measures the average number of days a workers’ compensation claimant whose claim was accepted within the noted fiscal year was not working and was receiving temporary total disability (TTD) payments.



| Measure | FY2010 Actual | FY 2011 Target | FY2011 Actual | FY2012 Projection | FY2013 Projection | FY2014 Projection |
|--|--------------------------|---------------------------|--------------------------|------------------------------|------------------------------|------------------------------|
| Overall average number of days off work ⁵ | Not Available | Not Available | 1778 | 1689 | 1520 | 1368 |
| Average cost per injury per claim per year | \$11,566 | \$10,741 | \$10,490.88 | \$9,966.34 | \$9,468.03 | \$8994.63 |
| Number of employees ⁶ participating in the return-to-work and/or District wide Intranet alternative work job depository | Not Available | Not Available | 557 | 529 | 505 | 483 |
| Tort claims received to closed ratio. | 61% | 70% | 103% | 100% | 100% | 100% |

⁵ This is a new measure added for FY 12. The number measures the average number of days off work for the entire claimant population beginning from the onset of the claim until the present. No reliable data is available for previous fiscal years.

⁶ This measure was previously reported as the percentage of agencies participating in the Return to Work program. In FY 12, it will be reported as a whole number to represent the number of employees returning to work.