



## Office of Risk Management ORM (RKO)

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### 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, 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 provides advice to District agencies on risk and insurance policies and practices, and also oversees the Captive Insurance Agency, which provides medical malpractice insurance to non-profit community health centers, as well as property insurance for District government real property assets.

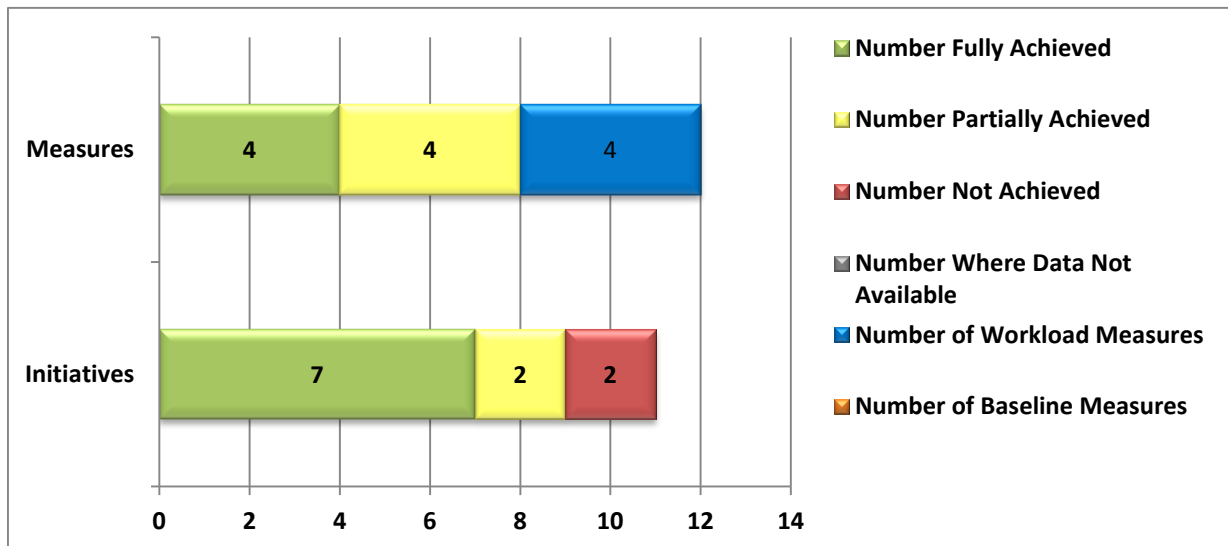
### ACCOMPLISHMENTS

- ✓ Cost savings on workers' compensation.
- ✓ Improvement in the timeliness of Tort claims handling.
- ✓ Captive expansion.

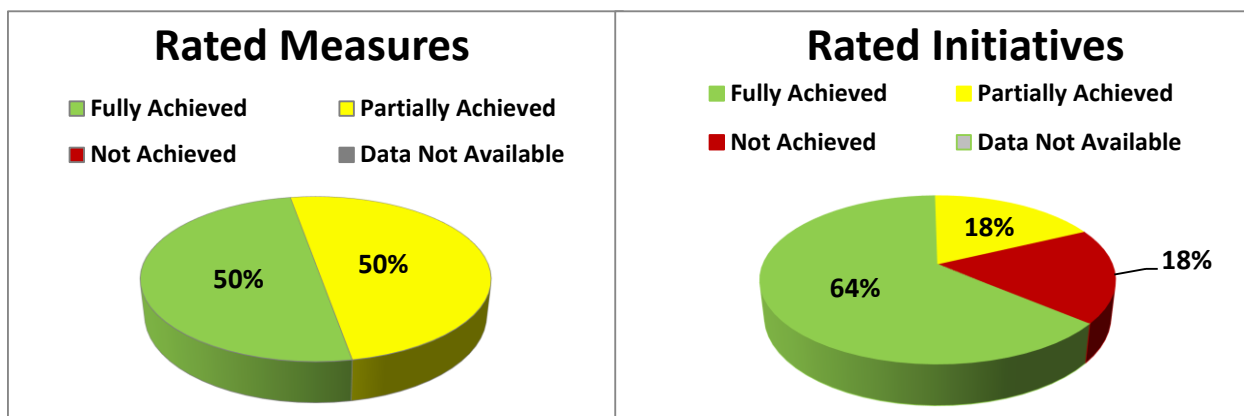


## OVERALL AGENCY PERFORMANCE

### TOTAL MEASURES AND INITIATIVES



### RATED MEASURES AND INITIATIVES



**Note:** Workload and Baseline Measurements are not included

Default KPI Rating:	
$\geq 100\%$	Fully Achieved
75 - 99.99%	Partially Achieved
$< 75\%$	Not Achieved



## Performance Initiatives – Assessment Details

### Performance Assessment Key:



Fully achieved



Partially achieved



Not achieved



Data not reported

### Agency Management

#### **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.**

- **This initiative was partially achieved.** The new RIAC manager was hired in March 2014. ORM collected Costs of Risk ratio data from each agency and will make recommendations to the agencies about how to reduce the risk that were identified from the risk costs study. Additionally, ORM will determine the top five areas of risk exposure, and provide recommendations to District agencies to minimize the probability, occurrence and impact of losses to the District of Columbia government.

**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.**

- **This initiative was partially achieved.** ORM referred employees to defensive driver training courses that were offered through other agencies by third-party programs.

**INITIATIVE 1.3: Improve ORM's management of recommendations to agencies from various sources.**

- **This initiative was fully achieved.** The Office of Risk Management, with the assistance of the Office of Chief Technology Officer, created an audit tracking system that allows District of Columbia agencies, under the authority of the Mayor, to submit their responses to audit compliance recommendations into a web-based Quickbase application so that ORM and other government officials can ascertain whether agencies have resolved and/or closed out outstanding audit recommendations by the Office of Inspector General, the D.C. Auditor or any other auditing entity. The application is monitored and administered by ORM. Office of the City Administrator staff also have the ability to monitor and track how agencies are resolving their outstanding audit recommendations.

After agencies respond to each of their audit recommendation, ORM staff review agency responses, the data or documents that support the agency responses, and make edits, if necessary, and determine whether an agency has resolved its audit recommendation. The audit recommendation shall remain in the Quickbase system until ORM, with the input from the Office of the City Administrator, if necessary, determines that the agency has adequately resolved the audit recommendation.

The tracking system allows ORM to run standard and ad hoc reports on an as needed basis to determine how effectively agencies are in resolving their audit recommendations. The system is also able to publish information on the agency's performance. The Quickbase application was launched in April 2014.



**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.**

- **This initiative was not achieved.** In September 2014, ORM hired a new Program Analyst who has started analyzing this data. FY14 was also the first year with a new third party administrator, whose reports are needed to generate the data to be analyzed. It appears that for FY14, ORM spending for open claims that are 4 years or less remained at \$11.4 million. In FY 15, the analyst will be working to find enhancements to the program that can assist in reducing costs.

**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.**

- **This initiative was not achieved.** In September 2014, ORM hired a new Return to Work Officer. The officer has been coordinating return to work efforts with employees, agencies and supervisors so that everyone understands the importance of returning injured workers to a meaningful position within an organization. The program returned 504 back to work in FY 14. Having a return to work officer on staff for the entirety of FY2015 should ensure that number increases more to the projected 675.

**INITIATIVE 2.3: Improve data accuracy, auditing and analysis.**

- **This initiative was fully achieved.** ORM hired a new Program Analyst in September 2014. In addition, the auditor has worked with the OCFO to review and perform quality assurance on financial cost data for the workers' compensation program. Moreover, the program has completed three quarterly audit of the PSWCP. As a result of program audits, the PSWCP has requested the former TPA to reduce its bill and provide the District with an "offset" for errors and emissions in the handling of workers' compensation cases. Also, the program has drafted policies to improve claims administration.

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

**INITIATIVE 3.1: Resolve tort claims more efficiently.**

- **This initiative was fully achieved.** In FY14, ORM implemented several new policies designed to resolve tort claims filed with ORM more effectively and efficiently (i.e. requiring all claims be reviewed by ORM's Tort Liability Manager, enforcing inter-office deadlines for claims resolution, etc. As a result of the policies implemented, in FY 14, ORM made significant strides in its claims handling. Specifically, in FY 14, ORM received 1676 new claims and resolved 868 of these claims for a closure rate of approximately 52%, while in FY 13 ORM received 1274 new claims and closed 578 of the claims for a closure rate for approximately 45%.<sup>1</sup> Additionally, despite the approximately

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<sup>1</sup> With regard to the total number of claims resolved in FY 14 as compared to FY 13, ORM resolved approximately 190 fewer claims. This is due in large part to the significant increase in the number of claims received in FY 14. Again, the number of claims ORM received in FY 14 drastically increased 35% from FY 13 (1274) to FY 14 (1676). This increase can be directly related to the increase of pothole claims ORM received as a result of the extreme weather conditions during to the winter of 2013-2014 which resulted in the creation of a vast number of potholes in the District's roadways. In FY 13 ORM only received approximately 30 pothole claims, however, in FY 14 that number jumped to 278 pothole claims, an increase of approximately 826%. This increase in claims resulted in a decrease in the total number of claims resolved in FY 14. As of September 30, 2014, DDOT, DPW and MPD collectively recovered over \$500,000 in subrogation funds. ORM oversees this process (see FY14 Performance Plan; Initiative 4.1).



35% increase of claims received in FY 14 as compared to FY 13, ORM was able to reduce the number of days necessary to resolve these claims by 27%.

**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.**

**This initiative was fully achieved.** In FY 14, in an effort to increase the amount of funds the District recovered as a result of its subrogation efforts, ORM's hired its first ever claims examiner whose primary focus was recovering subrogation funds. Additionally, ORM's Tort Liability Manager met with several District agencies and discussed with them how important it was to the District to recover subrogation funds for damage to District property caused by third party tortfeasors and impressed upon them the importance of contacting ORM regarding any potential subrogation claim their respective agencies may have. As a result of its efforts, fiscal year to date, ORM has recovered \$101,109.13 in subrogation funds, which is an estimated 450% increase over last year's subrogation collecting \$18, 321.46. In FY 15, ORM hopes to increase the amount it recovers in subrogation funds by 5%.

**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.**

**This initiative was fully achieved.** In FY 14, ORM either met with, telephoned, or corresponded with representatives from various independent or subordinate agencies to provide insurance and risk management guidance on a variety of grants, procurements, or contracts. At times ORM provided this guidance with the assistance of the Office of the Attorney General. The issues discussed concerned safety, property and liability insurance and risk remediation.

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

**INITIATIVE 6.1: Offer in-house risk management seminar to Captive members.**

**This initiative was fully achieved.** ORM and Captive manager staff have met with representatives from each clinic to discuss operations and risk management issues that may impact the clinic. The clinics were provided risk management advice on how to reduce and/or abate liability risk.

**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.**

**This initiative was fully achieved.** In FY 14, the captive appraised over 500 real estate properties, which were valued at \$5.8 billion. Thereafter, the District procured the services of an insurance broker to obtain, comprehensive property insurance for the property. Thereafter, the insurance broker recommended that the District obtain comprehensive property insurance from Lexington, and terrorism insurance from Lloyds of London.



## Key Performance Indicators – Detail

### Performance Assessment Key:

● Fully Achieved  
 ● Partially Achieved  
 ● Not Achieved  
 ● Data not reported  
 ● Workload Measure

	KPI	Measure Name	FY 2013 YE Actual	FY 2014 YE Target	FY 2014 YE Revised Target	FY 2014 YE Actual	FY 2014 YE Rating	Budget Program	
	●	1.1	Number of OSHA complaints received by ORM from District agencies	49	Not Applicable		55	Not Rated Workload Measure	RISK IDENTIFICATION & ANALYSIS
	●	1.2	Number of Environmental and Safety Inspections/Reinsertions at District Government Buildings	624	615		566	92.03%	RISK IDENTIFICATION & ANALYSIS
	●	1.3	Percentage of Eligible Facilities For Which Agencies Have Submitted An Emergency Response Plan (ERP) For Approval by ORM	76.31%	100%		81.93%	81.93%	RISK IDENTIFICATION & ANALYSIS
	●	2.1	Number of Workers' Compensation Claims Filed With ORM	1,519	Not Applicable		1,128	Not Rated Workload Measure	RISK CONTROL DIVISION
	●	2.2	Total Cost of the Public Sectors' Workers' Compensation Program (in millions)	\$15.3 million	\$17 million		\$16.7 million	101.73%	RISK CONTROL DIVISION



	KPI	Measure Name	FY 2013 YE Actual	FY 2014 YE Target	FY 2014 YE Revised Target	FY 2014 YE Actual	FY 2014 YE Rating	Budget Program
●	2.3	Average number of days a claimant receives workers' compensation benefits for claims opened within the fiscal year	11.82	23.47		20.50	114.49%	RISK IDENTIFICATION & ANALYSIS
●	2.4	Number of Employees Returning To Work and/or Participating In Job Club	309	643		504	78.38%	RISK CONTROL DIVISION
●	2.5	Number of workers' compensation claims per 100 FTE's	14.35	13.54		5.7	237.65%	RISK CONTROL DIVISION
●	2.6	Average Total Payment On Claims That Are Four Years Or Less (in millions)	NA	\$11.3 million		\$11.5 million	98.05%	RISK CONTROL DIVISION
●	3.1	Number of Tort Claims Filed With ORM	1,235	Not Applicable		1,676	Not Rated Workload Measure	RISK FINANCING DIVISION
●	5.1	Percentage of District Government Vendors In Compliance With ORM Minimum Insurance Requirements	100%	100%		100% <sup>2</sup>	100%	RISK CONTROL DIVISION
●	5.2	Number of Insurance Inquiries Received By ORM From District Agencies	717	Not Applicable		512 <sup>3</sup>	Not Rated Workload Measure	RISK CONTROL DIVISION

<sup>2</sup> This data shows cumulative totals from October 1, 2014- September 30, 2014. The information is based on the last known data in PASS system.

<sup>3</sup> This is data is for the period of October 1, 2013 – June 30, 2014. The last quarter of FY14 is not known because we did not have an Insurance Program Officer to track the numbers.