FY 2015 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 (RIAC), 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

- Risk Identification, Assessment and Control[1]
- Public Sector Workers' Compensation Program[2]
- Tort Liability Program
- Insurance Program
- Agency Management

AGENCY WORKLOAD MEASURES

Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 YTD[3]
Number of OSHA complaints received by ORM from District agencies	51	49	30
Total number of open workers' compensation claims filed with ORM	1,379	1,519	1,932
Number of tort claims filed with ORM	1,383	1,235	1,247
Number of insurance inquiries received by ORM from District agencies	531	717	512

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[1] For the purposes of the FY15 Performance Plan, (2100) Risk Identification, Assessment and Control also includes (2000) Risk Identification and Analysis, (3000) Risk Control Division, and (4000) Risk Financing Division.

[2] For the purposes of the FY15 Performance Plan, (4100) Public Sector Workers' Comp Program also includes (6000) Return-to-Work Program.

[3] The data shows cumulative totals from October 1, 2014 – June 30, 2014.

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Risk Identification, Assessment and Control (RIAC)

SUMMARY OF SERVICES
The Risk Identification, Assessment and Control (RIAC) 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 formulation of agency emergency response plans.

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 bi-annually.

In FY14, ORM revised the Cost of Risk (COR) requirements. In FY15, ORM will analyze the results of the FY14 COR data to determine the District's Total Cost of Risk ratio and 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, and promote a safe working environment for employees.
Completion Date: September 30, 2015.

INITIATIVE 1.2: Create and maintain a District government prioritization risk map based on the frequency and severity of projections of anticipated loss.
The Office of Risk Management (ORM) is responsible for creating and maintaining a risk map. A risk-based approach to assessing operations for risk deficiencies involves identifying the areas of high risk within the District of Columbia and building and prioritizing monitoring programs around identified risks. Based on data gathered during ORM's risk assessments of agencies, in FY15, ORM will develop an agency risk heat map, which will identify and categorize agency-specific risks. The creation of a heat map will ultimately assist each agency or program to self-identify agency-specific risks. This will assist ORM in tracking agency strengths and weaknesses and apply risk resources to areas of concern. **Completion Date: September 30, 2015.**

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KEY PERFORMANCE INDICATORS – Risk Identification, Assessment and Control (RIAC)

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 YTD[4]	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Number of environmental and safety inspections/re-inspections at District Government buildings	624	615	365	615	615	615
Percentage of eligible facilities for which agencies have submitted an Emergency Response Plan (ERP) for approval by ORM	76.31	100%	82%	100%	100%	100%
Percentage of agencies under the purview of the Mayor that file Cost of Risk reports[5]	NA	NA	NA	100%	100%	100%

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[4] The data shows cumulative totals from October 1, 2014 – June 30, 2014.
[5] Historical data is not available. This is a new KPI in FY15.

Public Sector Workers' Compensation Program

SUMMARY OF SERVICES
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.

OBJECTIVE 1: Improve the management and efficiency of the Public Sector Workers' Compensation Program.

INITIATIVE 1.1: Increase the number of injured workers, who have received medical permission to work in a limited, modified or full duty capacity, to return back to the workforce in some type of work capacity.
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 include claimants whose original D.C. government jobs have been eliminated and who have permanent and continuing duty restrictions. In FY14, the Public Sector Workers' Compensation Program (PSWCP) transitioned from Sedgwick CMS to a new Third Party Administrator (TPA), CorVel. Consequently, the transition impacted the number of claims closed by the adjusters and the tracking of the data for employees who returned to work. **Completion Date: September 30, 2015.**

INITIATIVE 1.2: Improve data accuracy, auditing and analysis.
ORM seeks to improve the overall efficiency of the PSWCP by auditing as well as making recommendations for losses or claims that appear to be fraudulent, auditing overpayment files, reviewing payment calculations before checks are issued to claimants, and auditing files to determine whether actions have been taken after the issuance of Additional Medical Examination reports that releases an injured worker to work in some type of limited or full duty capacity. The Program will evaluate files to determine if the new Third Party Administrator has committed errors and/or omissions as a result of its performance, and will implement a tracking system to facilitate recovery of monies due to any errors by the TPA. Program staff will work with the TPA to improve in the collection and entry of claim management data and the analyzing of such data. Also, the Program will develop a quality assurance review process or protocol for all certified payments by the Program. **Completion Date: September 30, 2015.**

INITIATIVE 1.3: Issue reconsideration decisions within 30 days of filing of request for reconsideration.
After the PSWCP issues its initial decision on whether to accept or deny a claim for workers' compensation, the injured worker can request that the Program review and reconsider the program's initial decision that was adverse to the claimant. It is the policy and practice of the PSWCP to review, decide and render reconsideration decisions within thirty days of receipt. However, the Program has never tracked whether it is complying

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with its policy and to what extent. This initiative will help to facilitate an efficient decision-making process because it will require the agency to collect data to determine whether reconsideration decisions are being issued within 30 days of the program receiving the request. **Completion Date: September 30, 2015.**

INITIATIVE 1:4: Reduce the number as well as the length of time that employees receive workers compensation benefits, which impacts total cost of the workers' compensation program.

Historically, recipients of workers' compensation benefits in the District have received benefits in excess of industry standard. While ORM has made gains in how it manages the Program, and has identified successful practices that has improved in the overall operations of the program, the program continues to face challenges, especially now that a new TPA is managing the workers' compensation program. Consequently, it is important that the program continue to track total program costs, the number of claims filed with the program as well as the number of days that claimants remain on workers' compensation. **Completion Date: September 30, 2015.**

KEY PERFORMANCE INDICATORS – Public Sector Workers' Compensation Program

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 YTD[6]	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Total Cost of the Public Sector Workers' Compensation Program (in millions) [7]	$15.3 million	$17 million	$11.8 million	$17 million	$16 million[8]	$17 million
Average number of days a claimant receives workers' compensation benefits for claims opened within the fiscal year.	11.82	23.47[9]	21.28	22.29	21.17	20.11
Number of workers' compensation claims per 100 FTEs	4.61	5.40[10]	5.8[11]	5.5	5	4.5
Average total payment on all claims that are four years or less (in millions)	NA	$11.3	NA	$10.7	$10.1	$9.68
Percentage of reconsideration decisions that are decided and issued within thirty (30) days.	NA	NA	NA	100%	100%	100%
Number of employees returning to work and/or participating in job club	309	643[12]	366	675	709	744

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[6] The data shows cumulative totals from October 1, 2014 – June 30, 2014.

[7] In FY 2014, the Program went through a transition period with a new Third Party Administrator (TPA), which may affect the rate of savings in FY 15 and FY 16.

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

[9] The FY 14 –FY 16 projections decrease by five percent per year.

[10] Target projections are based on an increase in the number of claims filed from FY12 through FY14

[11] The data shows cumulative totals from October 1, 2014 – June 30, 2014.

[12] The projection goal is to increase the number of employees returning to work by 5% each year.

Tort Liability Program

SUMMARY OF 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 program also pursues subrogation claims against third parties whose acts of negligence have resulted in damage to District property.

OBJECTIVE 1: Reduce the number of lawsuits against the District government.

INITIATIVE 1.1: Resolve tort claims more efficiently.
In FY13, 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, ORM resolved more total claims in the first three quarters in FY 14 than it did in FY 13. Also, in comparing claims opened and subsequently resolved in the first three quarters of FY 14 as compared to those opened and resolved in the first three quarters of FY 13, ORM resolved more claims in less time, despite an approximately 28% increase in claims received by ORM in the first three quarters of FY 14 as opposed to FY 13.[13] In FY 15, ORM will build on the policies established in FY14 and attempt to decrease the number of days it takes to resolve tort claims by five percent.
Completion Date: September 30, 2015.

OBJECTIVE 2: Recover money owed to the District as a result of tortious acts by third parties.

INITIATIVE 2.1: Increase subrogation revenue recovered by the Tort Program.
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 $66,010.78 in subrogation funds, which is a 47 % increase over the amount of subrogation funds recovered in all of FY 13 ($18,321). **Completion Date: September 30, 2015**.

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[13] This increase in claims is directly related to the inclement weather the District received during the winter of 2013/2014. Notably, as a result of the weather alone, ORM saw a 77% increase in pothole claims in FY 14.

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OBJECTIVE 3: Develop and maintain a Risk Map so that the District can use to take steps to remediate or reduce defects and/or risks that may be consistently occurring in certain parts of the city.

INITIATIVE 3.1 Create a District City Risk Map.
In FY 15, ORM plans to create and maintain a District City Risk Map, which will track areas where individuals have had accidents/incidents in the District based on claims that ORM's Tort Liability Programs receives (i.e. motor vehicle accidents, slip/trip and falls and tree falling claims). The map will allow ORM, other District agencies and the public to track alleged incident/accident types in the District by incident/accident type and location. The map will also facilitate the remediation of risks or reduce defects/claims that may be consistently occurring in certain parts of the City.

KEY PERFORMANCE INDICATORS – Tort Liability Program [14]

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 YTD[15]	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Subrogation Monies Collected	$18,321	$69,000	$66,010	$75,000	$80,000[16]	$85,000
Average number of days to resolve tort claims that were filed in same fiscal year	75	71	62	59	56	52

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[14] This division does not have any KPI's in its performance plan.

[15] The data shows cumulative totals from October 1, 2014 – June 30, 2014.

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

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Insurance Program

SUMMARY OF SERVICES
The Insurance Program oversees the District's Captive Insurance Agency, which provides medical malpractice insurance to non-profit community health centers, and advice to District agencies on risk and insurance policies and practices. In FY 14, the scope of the Captive was expanded to include property insurance for risks to District government real estate property assets for various hazards.

OBJECTIVE 1: Increase contractual risk management and awareness of District agencies.

> **INITIATIVE 1.1: Number of contract risk management and risk awareness seminars conducted for agency officials.**
> Agencies frequently seek advice from ORM on how to protect the District from risks and liabilities as they carry out agency initiatives, particularly when coordinating special events. Moreover, agency staff is not aware of the steps that they need to take to protect the District from the conduct of vendors who may be providing a contract service on behalf of the District. Consequently, there is a great need to conduct roundtable discussions or seminars to educate agency staff on risk reduction efforts that agencies can take to insulate the District from risk and liability exposures when they either carry out agency work or hire contractors to provide government services. **Completion Date: September 30, 2015.**

OBJECTIVE 2: Ensure DC residents' access to affordable health care.

> **INITIATIVE 2.1: Number of 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 FY15, ORM plans to continue to conduct in-house risk management seminars at the locations of each insured clinic for all insured staff of each health center in order to cover new and important risk reduction topics (i.e. securing confidential medical information; use of modern technological equipment to reduce liability risk, reducing at-risk births with new prenatal care outreach efforts).
> **Completion Date: September 30, 2015**

> **INITIATIVE 2.2: Number of District residents who receive medical care at clinics who receive subsidized medical liability insurance from the District.**
> ORM provides medical malpractice insurance to four clinics in the District of Columbia. ORM will document the number of people who are utilizing the services of these four clinics to determine whether the clinics are providing a useful and important medical service to residents of the city. In addition, ORM will collect information on the number of patients who are being treated by the healthcare facility. This data will help the District determine whether the clinics are providing a useful service to District residents and whether the volume of medical services provided to District residents support the liability coverage and expenses offered by the City. **Completion Date: September 30, 2015**.

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OBJECTIVE 3: Reduce risks to District property.

INITIATIVE 3.1: 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 used 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. On October 1, 2013, the Amended D.C. Captive Insurance Agency - Subtitle D of Bill 20-0199, the fiscal year 2014 Budget Support Act of 2013, approved by the Council on June 26, 2013, authorizes the D.C. Captive to purchase and issue property insurance for District-owned real property assets became effective. As a result of the amended legislation in FY 14, ORM achieved the following: (1) Completed the appraisal services of District-owned property which was performed by American Appraisal. As previously reported, the purpose of the appraisal was to determine the insurable values and insurance amounts for real property owned by the District; (2) Awarded RFP No. DCRJ-2014-R-0001 for Captive Manager and Property Insurance brokerage services in support of subtitle D of Bill 20-0199 to Aon Risk Services of Washington, DC. Aon is finalizing quotes from the market and will submit them to ORM early in the fourth quarter; and by the end of the fourth quarter, ORM and the D.C. Captive will have placed commercial property insurance on District-owned property. During FY 15, ORM and the D.C. Captive will continue to review the insurance program to identify and implement any improvements. **Completion Date: September 30, 2015**

INITIATIVE 7.2: Build a stronger District property risk management program with a combination of risk management technology, self-insurance and private insurance.[17]

In FY 14, ORM hired a third-party commercial property insurance broker and purchased commercial property insurance, including terrorism coverage for   District-owned
Property. In FY 15, ORM will continue to review the insurance program to develop a: (1) a marketing plan to inform all District agencies of the program and the importance of safeguarding and properly maintaining District-owned property, (2) claim reporting process by which building managers of District-owned properties that are covered by the commercial property insurance program can report all property damage claims, (3) explore opportunities to leverage the commercial property insurance program to include additional types of insurance coverage - this could require legislative expansion, and (4) explore, examine, and possibly purchase a risk management software application that will allow a comprehensive and centralized way to manage the Captive and ORM operations including insurance, safety, tort claims, and public   sector   worker-compensation management. **Completion Date: September 30,   2015**.

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[17] Initiative 7.2 is a new initiative for FY 15.

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KEY PERFORMANCE INDICATORS – Insurance Program

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 YTD[18]	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Percent of District government vendors in compliance with ORM minimum insurance requirements	100%	100%	100%	100%	100%	100%
Number of contract and insurance risk management training classes offered to agency officials[19]	NA	NA	NA	6	8	10
Percentage of government real estate property assets insured by private insurance[20]	NA	NA	NA	50%	60%	70%

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[18] The data shows cumulative totals from October 1, 2014 – June 30, 2014.
[19] Historical data is not available. This is a new KPI in FY15.
[20] Ibid.

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SUMMARY OF SERVICES
Agency management provides for administrative support and the required tools to achieve operational and programmatic results.

OBJECTIVE 1: Oversee the implementation of agency-wide priorities.

INITIATIVE 1.1 Conduct agency sustainability assessment using OCA approved criteria developed by DDOE and OP in accordance with Mayor's Order 2013-209 (Sustainable DC Governance Goal 1, Action 1.2; Built Environment Goal 3)
Within one hundred twenty (120) days after the City Administrator approves sustainability assessment criteria developed jointly by the District Department of the Environment and the Office of Planning, each agency head subject to the authority of the mayor shall use the criteria to evaluate the sustainability of their respective operations in accordance with the requirements of Mayor's Order 2013-209, the Sustainable DC Transformation Order, and submit to his or her responsible Deputy Mayor and the Office of the City Administrator the results of the agency's internal assessment.
Completion Date: April 2015.

[NO KPI TABLE]