
D.C. Office of Risk Management

www.orm.dc.gov

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Description	FY 2010 Actual	FY 2011 Approved	FY 2012 Proposed	% Change from FY 2011
Operating Budget	\$1,829,953	\$1,597,644	\$2,727,602	70.7
FTEs	21.7	17.0	22.0	29.4

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. ORM provides support to District agencies and efficiently and fairly administers the District’s public sector workers’ compensation and tort liability 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 receives workers’ compensation claims from injured District government employees, adjusts and manages those claims through the District’s third-party administrator, 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 provides advice to District agencies on risk and insurance policies and practices.

The agency’s FY 2012 proposed budget is presented in the following tables:

FY 2012 Proposed Gross Funds Operating Budget, by Revenue Type

Table RK0-1 contains the proposed FY 2012 agency budget compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.

Table RK0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change*
General Fund						
Local Funds	1,662	1,016	771	2,728	1,957	254.0
Total for General Fund	1,662	1,016	771	2,728	1,957	254.0
Intra-District Funds						
Intra-District Funds	885	814	827	0	-827	-100.0
Total for Intra-District Funds	885	814	827	0	-827	-100.0
Gross Funds	2,547	1,830	1,598	2,728	1,130	70.7

*Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to Schedule 80 Agency Summary by Revenue Source in the FY 2012 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2012 Proposed Full-Time Equivalents, by Revenue Type

Table RK0-2 contains the proposed FY 2012 FTE level compared to the FY 2011 approved FTE level by revenue type. It also provides FY 2009 and FY 2010 actual data.

Table RK0-2

Appropriated Fund	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change
General Fund						
Local Funds	21.1	10.7	76	22.0	14.4	188.7
Total for General Fund	21.1	10.7	76	22.0	14.4	188.7
Intra-District Funds						
Intra-District Funds	3.3	11.0	9.4	0.0	-9.4	-100.0
Total for Intra-District Funds	3.3	11.0	9.4	0.0	-9.4	-100.0
Total Proposed FTEs	24.4	21.7	170	22.0	5.0	29.4

FY 2012 Proposed Operating Budget, by Comptroller Source Group

Table RK0-3 contains the proposed FY 2012 budget at the Comptroller Source Group (object class) level compared to the FY 2011 approved budget. It also provides FY 2009 and FY 2010 actual expenditures.

Table RK0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2009	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Percent Change*
11 - Regular Pay - Cont Full Time	685	954	858	1,364	506	59.0
12 - Regular Pay - Other	1,051	414	461	408	-53	-11.5
13 - Additional Gross Pay	74	10	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	315	266	235	345	110	46.9
15 - Overtime Pay	2	2	0	0	0	N/A
Subtotal Personal Services (PS)	2,128	1,646	1,554	2,118	564	36.3
20 - Supplies and Materials	6	9	7	17	9	127.8
30 - Energy, Comm. and Bldg Rentals	47	46	0	0	0	N/A
31 - Telephone, Telegraph, Telegram, Etc.	35	27	0	0	0	N/A
32 - Rentals - Land and Structures	0	0	0	0	0	N/A
33 - Janitorial Services	24	24	0	0	0	N/A
34 - Security Services	21	12	0	0	0	N/A
35 - Occupancy Fixed Costs	40	30	0	0	0	N/A
40 - Other Services and Charges	245	36	36	593	557	1,531.3
Subtotal Nonpersonal Services (NPS)	419	184	44	610	566	1,296.7
Gross Funds	2,547	1,830	1,598	2,728	1,130	70.7

*Percent change is based on whole dollars.

Program Description

The Office of Risk Management operates through the following 5 divisions:

Risk Identification and Analysis (RIA) – integrates the work of agency risk management representatives who systematically identify, measure, analyze and document the District Government’s exposure to risk. The risk control measures are implemented to reduce the District’s liability associated with the risk.

This division contains the following 2 activities:

- **Coordination and Integrity of ARMRs** – coordinates the work of the Agency Risk Management Representatives (ARMRs), including systematic identification, measurement, analysis, and documentation of agency exposure to risk; and
- **Review and Guide Risk Assessment Control Committees (RACC)** – reviews and guides agency RACC activities relative to risk management plans. The purpose of the RACC is to maintain, in cooperation with ORM, a proactive and comprehensive program of risk assessment and control for agencies that minimize the frequency, severity, and probability of losses to which agencies are exposed.

Risk Control Division – effectively minimizes the probability, frequency, and severity of pre- and post-loss accidental losses through a compliance-monitoring program of safety, security, and contingency planning of emergencies affecting District agencies.

This division contains the following activity:

- **Safety, Security Emergency Planning** – provides training to increase the participant’s knowledge of emergency planning and the features of good evacuation floor plans, to include guidance on how to incorporate the threat of terrorism (for example, intentional releases of hazardous materials, use of explosive devices, or acts of arson) into evacuation planning and preparedness.

Risk Financing Division – manages the adjudication of claims and recoveries, and anticipates and plans for funding loss payments.

This division contains the following 2 activities:

- **Claims Examination** – reviews and manages Public Sector Workers’ Compensation claims filed against the District Government and the adjudication of Tort Liability claims and recoveries, and anticipates and plans for funding loss payments, and
- **Claims Management** – provides the District Government’s oversight of the claims administration process by third-party administrators.

Return to Work Division – The Return to Work Program will decrease workers’ compensation costs by improving management of the program and returning injured workers to the workforce.

This division will contain the following activity:

- **Return to Work Program** – is designed to provide injured employees with the best medical treatment as well as avenues by which the employees can quickly return to the workforce. The District will benefit from the program by minimizing the cost of workers’ compensation and providing agencies with a stronger workforce.

Agency Management – provides for administrative support and the required tools to achieve operational and programmatic results. This division is standard for all agencies using performance-based budgeting.

Division Structure Change

In FY 2012, the Office of Risk Management will add the Return to Work Program to its structure. The Division Structure Changes are provided in the Agency Realignment appendix to the proposed budget, which is located at www.cfo.dc.gov on the Annual Operating Budget and Capital Plan page.

FY 2012 Proposed Operating Budget and FTEs, by Division and Activity

Table RK0-4 contains the proposed FY 2012 budget by division and activity compared to the FY 2011 approved budget. It also provides the FY 2010 actual data.

Table RK0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011	Actual FY 2010	Approved FY 2011	Proposed FY 2012	Change from FY 2011
(1000) Agency Management Program								
(1010) Personnel	50	43	92	49	0.5	0.5	1.0	0.5
(1020) Contracting and Procurement	9	0	0	0	0.0	0.0	0.0	0.0
(1030) Property Management	138	0	0	0	0.0	0.0	0.0	0.0
(1050) Financial Management	7	0	0	0	0.0	0.0	0.0	0.0
(1055) Risk Management	23	16	4	-12	0.0	0.0	0.0	0.0
(1085) Customer Service	102	52	116	64	1.4	1.0	2.0	1.0
(1090) Performance Management	199	271	315	43	1.1	1.8	2.0	0.2
Subtotal (1000) Agency Management Program	527	382	527	145	3.0	3.2	5.0	1.8
(2000) Risk Identification and Analysis								
(2010) Coordination and Integrity of ARMRs	178	182	184	2	1.0	1.8	2.0	0.2
(2020) Coordination DCORM Council	52	0	0	0	1.0	0.0	0.0	0.0
(2030) Review and Guide Risk Assessment Control Committee	69	68	69	1	1.8	1.0	1.0	0.0
Subtotal (2000) Risk Identification and Analysis	299	251	253	3	3.8	2.8	3.0	0.2
(3000) Risk Control Division								
(3010) Safety, Security Emergency Planning	114	118	122	3	1.0	1.0	1.0	0.0
Subtotal (3000) Risk Control Division	114	118	122	3	1.0	1.0	1.0	0.0
(4000) Risk Financing Division								
(4010) Claims Examination	644	590	695	106	12.8	7.5	8.0	0.5
(4040) Claims Management	246	257	247	-10	1.0	2.5	2.0	-0.5
Subtotal (4000) Risk Financing Division	890	847	942	96	13.8	10.0	10.0	0.0
(6000) Return to Work Program								
(6010) Return to Work	0	0	883	883	0.0	0.0	3.0	3.0
Subtotal (6000) Return to Work Program	0	0	883	883	0.0	0.0	3.0	3.0
Total Proposed Operating Budget	1,830	1,598	2,728	1,130	21.7	17.0	22.0	5.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary By Activity** in the FY 2012 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2012 Proposed Budget Changes

Operational Adjustments: In FY 2012, the Office of Risk Management (ORM) will convert formerly intra-District-funded FTEs to FTEs funded by the Local budget. This shift accounts for an increase in the Local budget of \$847,727 and 9.4 FTEs, and a corresponding decrease in the intra-District budget. ORM will increase the Local budget by \$130,000 to support settling tort claims, as well as pursuing subrogation claims against third parties who have committed negligent acts against the District of Columbia, its property, and/or its employees. These efforts have been hampered in recent years due to limited resources.

Cost Increase: Local fund increased by \$1,000,000 and 3.0 FTEs for personal services (\$329,169) and

Contractual Services (\$670,831) to support the improved management of the public sector workers' compensation program and its enhanced Return to Work and compliance efforts. The Return to Work program is designed to provide injured employees with the best medical treatment as well as avenues by which the employees can quickly return to the workforce. The District will benefit from the program by minimizing the cost of workers' compensation and providing agencies with a stronger workforce.

Transfers Out: The adjustments made in Local funds include \$21,576 to accommodate the information technology assessment to the Office of the Chief Technology Officer (OCTO) and \$117,000 to the Disability Compensation Fund for attorney fees for successful workers' compensation claimants.

FY 2011 Approved Budget to FY 2012 Proposed Budget, by Revenue Type

Table RK0-5 itemizes the changes by revenue type between the FY 2011 approved budget and the FY 2012 proposed budget.

Table RK0-5

(dollars in thousands)

	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2011 Approved Budget and FTE		771	7.6
No Change: No Change	Multiple Programs	0	0.0
FY 2012 Initial Adjusted Budget		771	7.6
Cost Increase: Increase revenue and decrease litigation costs by processing more subrogation and tort claims	Agency Management Program	130	1.0
Transfer In: Transfer from Medical Captive Insurance agency	Risk Financing	118	1.0
Transfer Out: Transfer Local portion of the telecom budget to OCTO	Agency Management Program	-22	0.0
Shift: Convert intra-District positions to the Local fund	Risk Financing	848	9.4
Cost Increase: Increase Contractual Services and FTEs	Return To Work	1,000	3.0
Transfer Out: To the Disability Compensation fund to fund attorney fees for successful workers compensation claimants	Return To Work	-117	0.0
LOCAL FUNDS: FY 2012 Proposed Budget and FTE		2,728	22.0
INTRA-DISTRICT FUNDS: FY 2011 Approved Budget and FTE		827	9.4
Cost Increase: Align budget with expected revenue	Risk Financing	21	0.0
FY 2012 Initial Adjusted Budget		848	9.4
Shift: Convert intra-District positions to the Local fund	Risk Financing	-848	-9.4
INTRA-DISTRICT FUNDS: FY 2012 Proposed Budget and FTE		0	0.0
Gross for RK0 - D. C. Office of Risk Management		2,728	22.0

Agency Performance Plan

The agency's performance plan has the following objectives for FY 2012:

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

Objective 2: Reduce Public Sector Workers' Compensation Program costs.

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

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

Objective 5: Reduce the District's exposure through the effective use of insurance.

Agency Performance Measures

Table RK0-6

Measure	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Projection	FY 2012 Projection	FY 2013 Projection
Percentage of District Government vendors in compliance with ORM minimum insurance requirements ¹	Not Available	Not Available	Not Available	100%	100%	100%
Number of environmental and safety inspections/re-inspections at District Government buildings	336; 94; 430	400; 155; 555	508; 82; 586	615	615	615
Reduce the number of "How Am I Driving?" 311 complaint calls (percent decrease and number of complaints)	-40% (1174)	-50% (614)	-17% (973)	-15% (827) ²	-15% (703)	-15% (598)
Total Cost of Public Sector Workers' Compensation Program (these amounts include settlements and adverse awards against PSWCP)	\$22.8M	\$21.3M	\$24.8M	\$21.5M	\$20.8M	\$20.2M
Average number of days a claimant receives workers' compensation benefits ³	Not Available	New Measure	180 (historic) N/A (current)	175 (historic) TBD (current)	170 (historic) TBD (current)	165 (historic) TBD (current)
Average cost per injury per claim	\$10,199	\$9,791	\$11,566	\$10,741	\$9,323	\$8,093
Percentage/number of agencies participating in the return-to-work and/or District wide Intranet alternative work job depository	45% 21	75% 35	50% 23	100% 47	100% TBD	100% TBD
Tort claims received to closed ratio	88%	Not Available ⁴	61%	70%	80% ⁵	90% ⁶

Performance Plan Endnotes:

1. 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. ORM is working to incorporate this review system into the Procurement Automated Support System (PASS) so that more complete data can be kept.
2. 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, and the FY 2013 target is a 15 percent reduction from the FY 2012 target.
3. These numbers measure the average number of days a workers' compensation claimant is not working and is receiving temporary total disability (TTD) payments. The historic number measures the average for the entire population, including claims that date prior to the fiscal year being measured. The current fiscal year number measures only those claims that started during the fiscal year being measured.
4. This measure was not assigned a target in FY 2010.
5. The projection assumes additional resources for the Tort Liability program in FY 2012.
6. The projection assumes additional resources for the Tort Liability program in FY 2013.