D.C. Office of Risk Management

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Description	FY 2013 Actual	FY 2014 Approved	FY 2015 Proposed	% Change from FY 2014
Operating Budget	$2,133,014	$2,945,971	$3,624,189	23.0
FTEs	19.3	23.0	23.0	0.0

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, 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, Assessment and Control program 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 Captive Insurance Agency, which provides medical malpractice insurance to non-profit community health centers, property insurance for District government real property assets, and also provides advice to District agencies on risk and insurance policies and practices.

The agency's FY 2015 proposed budget is presented in the following tables:

FY 2015 Proposed Gross Funds Operating Budget, by Revenue Type

Table RK0-1 contains the proposed FY 2015 agency budget compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

Table RK0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
General Fund						
Local Funds	2,196	2,133	2,946	3,624	678	23.0
Total for General Fund	**2,196**	**2,133**	**2,946**	**3,624**	**678**	**23.0**
Gross Funds	**2,196**	**2,133**	**2,946**	**3,624**	**678**	**23.0**

*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 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2015 Proposed Full-Time Equivalents, by Revenue Type

Table RK0-2 contains the proposed FY 2015 FTE level compared to the FY 2014 approved FTE level by revenue type. It also provides FY 2012 and FY 2013 actual data.

Table RK0-2

Appropriated Fund	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change
General Fund						
Local Funds	18.7	19.3	23.0	23.0	0.0	0.0
Total for General Fund	**18.7**	**19.3**	**23.0**	**23.0**	**0.0**	**0.0**
Total Proposed FTEs	**18.7**	**19.3**	**23.0**	**23.0**	**0.0**	**0.0**

FY 2015 Proposed Operating Budget, by Comptroller Source Group

Table RK0-3 contains the proposed FY 2015 budget at the Comptroller Source Group (object class) level compared to the FY 2014 approved budget. It also provides FY 2012 and FY 2013 actual expenditures.

Table RK0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2012	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Percent Change*
11 - Regular Pay - Continuing Full Time	1,278	1,350	1,696	1,620	-75	-4.4
12 - Regular Pay - Other	227	128	156	327	172	110.2
13 - Additional Gross Pay	0	4	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	300	333	409	440	31	7.6
15 - Overtime Pay	0	0	0	0	0	N/A
Subtotal Personal Services (PS)	**1,806**	**1,815**	**2,261**	**2,388**	**127**	**5.6**
20 - Supplies and Materials	14	12	24	24	0	0.0
31 - Telephone, Telegraph, Telegram, Etc.	7	2	0	0	0	N/A
40 - Other Services and Charges	369	272	636	1,172	536	84.2
70 - Equipment and Equipment Rental	0	33	25	40	15	60.8
Subtotal Nonpersonal Services (NPS)	**391**	**319**	**685**	**1,236**	**551**	**80.4**
Gross Funds	**2,196**	**2,133**	**2,946**	**3,624**	**678**	**23.0**

*Percent change is based on whole dollars.

Program Description

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

Risk Identification, Assessment and Control (RIAC) – coordinates the work of Agency Risk Management Representatives (ARMRs) who systematically identify, measure, analyze, and document the District Government's exposure to risk. The program also reviews and guides the activities of agency Risk Assessment Control Committees (RACC) 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 minimizes the frequency, severity, and probability of losses to which agencies are exposed. It also provides training to increase District employees' knowledge of risk prevention, including the creation of Emergency Response Plans (ERPs). ERPs include agency evacuation plans and responses to various hazards, including the threat of terrorism (for example, intentional releases of hazardous materials, use of explosive devices, or acts of arson).

This program contains the following 2 activities:

- **Risk Inspections and Coordination of ARMRs** – pursuant to subchapter XX of the Comprehensive Merit Personnel Act, ORM has inspectors who conduct safety inspections of District government buildings. The inspections are based on federal Occupational Safety and Health Act guidelines and are intended to ensure a safe and healthful work environment for employees and users of District government facilities. ORM also coordinates a Risk Management Council that is made up of ARMRs. The Risk

Management Council is intended to coordinate the work of ARMRs to reduce District government risk exposure and to cultivate a culture of risk awareness and management in the government; and

- **Risk Analysis –** is tasked with using the information and data from ORM's various programs, as well as from members of the Risk Management Council and other sources, to conduct analyses for the purpose of reducing the District's overall exposure to risk.

Insurance Program – administers the Captive Insurance Agency, which provides medical malpractice insurance to non-profit community health clinics in the District, as well as property insurance for risks to District government real property assets for various hazards. In addition, it works closely with the Office of Contracting and Procurement (OCP) to ensure that contracts over $100,000 have the appropriate insurance requirements. The Insurance Program also serves as a general resource to all District agencies wishing to obtain policy and other guidance on protecting the District through insurance and other contractual risk management techniques.

This program contains the following activity:

- **Insurance Analysis** – administers the three primary goals of the Insurance program, including the Captive Insurance Agency, the review of OCP contracts and the provision of guidance to District government agencies on risk management techniques.

Public Sector Workers' Compensation Program – responds to workplace injuries with the best, most appropriate medical care at a reasonable cost, and to return employees back to work as soon as medically possible. Workers' Compensation is a system of benefits provided by law for workers who have job-related injuries or illnesses. The Office of Risk Management oversees the management of the Public Sector Workers' Compensation program through a third-party administrator. Benefits include medical services, vocational rehabilitation, and compensation for permanent loss of use of a body part or function, and death benefits for beneficiaries. Employees are eligible for benefits when an injury or illness arises out of and in the course and scope of his or her employment. The program also oversees a Return-to-Work initiative, which helps employees get back to work as soon as possible after a job-related injury or illness. Return-to-Work is successful when there is communication between the injured worker and his or her agency, a key factor in his or her recovery.

This program contains the following 2 activities:

- **Claims Examination and Management** – oversees the processing of claims for public sector workers' compensation benefits that are filed by District government employees; and
- **Return-to-Work** – coordinates workers' compensation claimants' return to work after they have recovered from their injuries. Claimants are placed into jobs within the District government that are consistent with any modified duty restrictions they may have, or they are connected with job training and vocational rehabilitation services.

Tort Liability Program – investigates and resolves tort liability claims filed against the District of Columbia. Effective January 20, 2004, the Mayor delegated to the Office of Risk Management the authority to accept notice of claim letters under D.C. Official Code § 12-309. As such, individuals can file claims against the District of Columbia for loss, damage, or injury. An action may not be maintained against the District of Columbia for unliquidated damages to person or property unless, within six months after the injury or damage was sustained, the claimant, his agent, or attorney has given notice in writing to the Mayor of the District of Columbia of the approximate time, place, cause, and circumstances of the injury or damage. Under certain circumstances, reports of the Metropolitan Police Department may also satisfy the notice requirement provided that they contain all of the information required by the statute. The Tort Liability program also pursues subrogation claims against third parties whose acts of negligence have resulted in damage to District government property.

This program contains the following activity:

- **Claims examination** – investigates and resolves tort liability claims filed against the District of Columbia under DC Official Code § 12-309, and pursues subrogation claims against third parties.

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

Program Structure Change

The proposed program 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 2015 Proposed Operating Budget and FTEs, by Program and Activity

Table RK0-4 contains the proposed FY 2015 budget by program and activity compared to the FY 2014 approved budget. It also provides the FY 2013 actual data.

Table RK0-4

(dollars in thousands)

	Dollars in Thousands				Full-Time Equivalents			
Program/Activity	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014	Actual FY 2013	Approved FY 2014	Proposed FY 2015	Change from FY 2014
(1000) Agency Management								
(1010) Personnel	94	99	107	7	0.4	1.0	1.0	0.0
(1055) Risk Management	152	317	350	33	0.0	0.0	0.0	0.0
(1085) Customer Service	54	51	54	3	0.8	1.0	1.0	0.0
(1090) Performance Management	258	405	425	20	2.4	3.0	3.0	0.0
Subtotal (1000) Agency Management	**557**	**873**	**936**	**63**	**3.6**	**5.0**	**5.0**	**0.0**
(2000) Risk Identification and Analysis								
(2010) Coordination and Integrity of ARMRS	280	159	0	-159	2.3	2.0	0.0	-2.0
(2030) Review and Guide RA Control Committee	15	130	0	-130	0.8	1.0	0.0	-1.0
Subtotal (2000) Risk Identification and Analysis	**295**	**289**	**0**	**-289**	**3.2**	**3.0**	**0.0**	**-3.0**
(2100) Risk Identification, Assessment and Control								
(2110) Risk Inspections and Coordination of ARMRS	0	0	177	177	0.0	0.0	2.0	2.0
(2120) Risk Analysis	0	0	134	134	0.0	0.0	1.0	1.0
Subtotal (2100) Risk Identification, Assessment and Control	**0**	**0**	**311**	**311**	**0.0**	**0.0**	**3.0**	**3.0**
(3000) Risk Control Division								
(3010) Safety, Security Emergency Planning	118	114	0	-114	0.8	1.0	0.0	-1.0
Subtotal (3000) Risk Control Division	**118**	**114**	**0**	**-114**	**0.8**	**1.0**	**0.0**	**-1.0**
(3100) Insurance Program								
(3110) Insurance Analysis	0	0	621	621	0.0	0.0	1.0	1.0
Subtotal (3100) Insurance Program	**0**	**0**	**621**	**621**	**0.0**	**0.0**	**1.0**	**1.0**
(4000) Risk Financing Division								
(4010) Claims Examination	567	637	0	-637	8.8	7.0	0.0	-7.0
(4040) Claims Management	314	397	0	-397	1.2	4.0	0.0	-4.0
Subtotal (4000) Risk Financing Division	**881**	**1,034**	**0**	**-1,034**	**10.0**	**11.0**	**0.0**	**-11.0**
(4100) Public Sector Workers' Comp Program								
(4110) Claims Examination and Management	0	0	465	465	0.0	0.0	4.0	4.0
(4120) Return-to-Work	0	0	620	620	0.0	0.0	3.0	3.0
Subtotal (4100) Public Sector Workers' Comp Program	**0**	**0**	**1,085**	**1,085**	**0.0**	**0.0**	**7.0**	**7.0**
(6000) Return-to-Work Program								
(6010) Return-to-Work	282	637	0	-637	1.7	3.0	0.0	-3.0
Subtotal (6000) Return-to-Work Program	**282**	**637**	**0**	**-637**	**1.7**	**3.0**	**0.0**	**-3.0**
(6100) Tort Liability Program								
(6110) Claims Examination	0	0	671	671	0.0	0.0	7.0	7.0
Subtotal (6100) Tort Liability Program	**0**	**0**	**671**	**671**	**0.0**	**0.0**	**7.0**	**7.0**
Total Proposed Operating Budget	**2,133**	**2,946**	**3,624**	**678**	**19.3**	**23.0**	**23.0**	**0.0**

(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 2015 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2015 Proposed Budget Changes

The Office of Risk Management's (ORM) proposed FY 2015 gross budget is $3,624,189, which represents a 23.0 percent increase over its FY 2014 approved gross budget of $2,945,971. The budget is comprised entirely of Local funds.

Current Services Funding Level

The Current Services Funding Level (CSFL) is a Local funds ONLY representation of the true cost of operating District agencies, before consideration of policy decisions. The CSFL reflects changes from the FY 2014 approved budget across multiple programs, and it estimates how much it would cost an agency to continue its current programs and operations into the following fiscal year. The FY 2015 CSFL adjustments to the FY 2014 Local funds budget are described in table 5 of this agency's budget chapter. Please see the CSFL Development section within Volume 1: Executive Summary for more information regarding the methodology used and components that comprise the CSFL.

ORM's FY 2015 CSFL budget is $3,124,189, which represents a $178,218, or 6.0 percent, increase over the FY 2014 approved Local funds budget of $2,945,971.

CSFL Assumptions

The FY 2015 CSFL calculated for ORM included adjustment entries that are not described in detail on table 5. These adjustments were made for increases of $161,772 in personal services to account for Fringe Benefit costs based on trend and comparative analyses and the impact of cost-of-living adjustments implemented in FY 2013, and $16,446 in nonpersonal services based on the Consumer Price Index factor of 2.4 percent.

Agency Budget Submission

Increase: The proposed budget reflects ORM's commitment to improving the District's risk management practices. The FY 2015 Local budget reflects a net increase of $34,426, which includes $19,820 for the purchase of a new database and required software to improve tracking of general liability data for the District and $14,606 for additional equipment purchases to support the administrative needs of the agency's growing staff.

Decrease: As a result of ORM's FY 2015 organizational restructuring plan, the personal services budget was decreased by $34,426 to reflect the realignment of staff from full-time to term full-time status.

Mayor's Proposed Budget

Enhance: The Office of Risk Management's budget includes a one-time increase of $500,000 in the Insurance program to support vehicle insurance appraisals.

FY 2014 Approved Budget to FY 2015 Proposed Budget, by Revenue Type

Table RK0-5 itemizes the changes by revenue type between the FY 2014 approved budget and the FY 2015 proposed budget.

Table RK0-5
(dollars in thousands)

DESCRIPTION	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2014 Approved Budget and FTE		**2,946**	**23.0**
Other CSFL Adjustments	Multiple Programs	178	0.0
LOCAL FUNDS: FY 2015 Current Services Funding Level Budget (CSFL)		**3,124**	**23.0**
Increase: To support and annualize costs of existing program	Multiple Programs	34	0.0
Decrease: To adjust continuing full time personal services and Fringe Benefits with projected costs	Multiple Programs	-34	0.0
LOCAL FUNDS: FY 2015 Agency Budget Submission		**3,124**	**23.0**
Enhance: To provide sufficient funding for vehicle insurance appraisals (one-time)	Multiple Programs	500	0.0
LOCAL FUNDS: FY 2015 Mayor's Proposed Budget		**3,624**	**23.0**
Gross for RK0 - D. C. Office of Risk Management		**3,624**	**23.0**

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

Agency Performance Plan

The agency's performance plan has the following objectives for FY 2015:

Risk Identification, Assessment and Control (RIAC) Program

Objective 1: Reduce the level and cost of risk to the District government.

KEY PERFORMANCE INDICATORS

Risk Identification, Assessment and Control (RIAC) Program[1]

Measure	FY 2012 Actual	FY 2013 Target	FY 2013 Actual[2]	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Number of environmental and safety inspections/re-inspections at District government buildings	617	615	624	615	615	615
Percent of eligible facilities for which agencies have submitted an Emergency Response Plan (ERP) for approval by ORM	85%	100%	76.3%	100%	100%	100%

Public Sector Workers' Compensation Program

Objective 2: Improve the management and efficiency of the Public Sector Workers' Compensation Program.

KEY PERFORMANCE INDICATORS

Public Sector Workers' Compensation Program

Measure	FY 2012 Actual	FY 2013 Target	FY 2013 Actual[3]	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Total cost of the Public Sector Workers' Compensation Program (in millions)	$21.8 million	$17 million	$15.3 million	$17 million	$17 million	$16 million[4]
Average number of days a claimant receives workers' compensation benefits for claims opened within the fiscal year	26.0	24.7	11.8	23.5[5]	22.3	21.7
Number of workers' compensation claims per 100 FTEs	15	14.3	14.4	13.5[6]	12.9	12.5
Average payment on claims that are four years or less (in millions)[7]	Not Available	Not Available	Not Available[8]	$11.3 million	$10.7 million	$10.1 million
Number of employees returning to work and/or participating in job club	583	612	309	643	675	708

Tort Liability Program

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.[9]

NO KPI TABLE

Insurance Program

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

Objective 6: Ensure District residents' access to affordable health care.

Objective 7: Reduce risks to District property.

KEY PERFORMANCE INDICATORS

Insurance Program

Measure	FY 2012 Actual	FY 2013 Target	FY 2013 Actual[10]	FY 2014 Projection	FY 2015 Projection	FY 2016 Projection
Percentage of District government vendors in compliance with ORM minimum insurance requirements	100%	100%	100%	100%	100%	100%

Performance Plan Endnotes:

[1]For the purposes of the FY 2015 Performance Plan, ORM elected to organize the Plan at the agency level instead of by budget program because the budget programs do not align with the agency's functional programs. The functional programs of ORM include: (1) Risk Identification, Analysis, and Control; (2) Public Sector Worker's Compensation Program; (3) Tort Liability Program; and (4) Insurance Program.

[2]The data shows cumulative data totals from October 1, 2012 – September 30, 2013.

[3]IBID.

[4]In FY 2014, the program will go through a transition period with a new Third-Party Administrator (TPA), which may affect the rate of savings in FY 2014 and FY 2015. The projection for FY 2016 is a 5 percent decrease in spending in anticipation of savings at that time.

[5]The FY 2014 –FY 2016 projections decrease by 5 percent per year. The projections were changed because the actual number for FY 2013 is lower than originally projected.

[6]There is a projected 5 percent decrease for FY 2015. The number of claims per FTE is expected to level off by FY 2016; therefore, the projection is a 3 percent decrease.

[7]This is a new KPI in FY 2014.

[8]This is a new KPI in FY 2014. The data was not tracked in FY 2013. The goal prospectively is to spend 5 percent less on these older claims every year.

[9]There are no KPIs for this objective.

[10]The data shows cumulative data totals from October 1, 2012 – September 30, 2013.