
D.C. Office of Risk Management

www.orm.dc.gov

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Description	FY 2011 Actual	FY 2012 Approved	FY 2013 Proposed	% Change from FY 2012
Operating Budget	\$1,520,035	\$2,727,602	\$2,961,531	8.6
FTEs	15.3	22.0	23.0	4.5

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 by providing 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.

The agency's FY 2013 proposed budget is presented in the following tables:

FY 2013 Proposed Gross Funds Operating Budget, by Revenue Type

Table RK0-1 contains the proposed FY 2013 agency budget compared to the FY 2012 approved budget. It also provides FY 2010 and FY 2011 actual expenditures.

Table RK0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2010	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Percent Change*
General Fund						
Local Funds	1,016	722	2,728	2,962	234	8.6
Total for General Fund	1,016	722	2,728	2,962	234	8.6
Intra-District Funds						
Intra-District Funds	814	798	0	0	0	-100.0
Total for Intra-District Funds	814	798	0	0	0	-100.0
Gross Funds	1,830	1,520	2,728	2,962	234	8.6

*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 2013 Operating Appendices located on the Office of the Chief Financial Officer's website.

FY 2013 Proposed Full-Time Equivalents, by Revenue Type

Table RK0-2 contains the proposed FY 2013 FTE level compared to the FY 2012 approved FTE level by revenue type. It also provides FY 2010 and FY 2011 actual data.

Table RK0-2

Appropriated Fund	Actual FY 2010	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Percent Change
General Fund						
Local Funds	10.7	6.8	22.0	23.0	1.0	4.5
Total for General Fund	10.7	6.8	22.0	23.0	1.0	4.5
Intra-District Funds						
Intra-District Funds	11.0	8.5	0.0	0.0	0.0	N/A
Total for Intra-District Funds	11.0	8.5	0.0	0.0	0.0	N/A
Total Proposed FTEs	21.7	15.3	22.0	23.0	1.0	4.5

FY 2013 Proposed Operating Budget, by Comptroller Source Group

Table RK0-3 contains the proposed FY 2013 budget at the Comptroller Source Group (object class) level compared to the FY 2012 approved budget. It also provides FY 2010 and FY 2011 actual expenditures.

Table RK0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2010	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Percent Change*
11 - Regular Pay - Continuing Full Time	954	913	1,364	1,433	69	5.0
12 - Regular Pay - Other	414	275	408	324	-85	-20.8
13 - Additional Gross Pay	10	53	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	266	245	345	372	27	7.8
15 - Overtime Pay	2	0	0	0	0	N/A
Subtotal Personal Services (PS)	1,646	1,486	2,118	2,129	11	0.5
20 - Supplies and Materials	9	7	17	17	0	0.0
30 - Energy, Comm. and Building Rentals	46	0	0	0	0	N/A
31 - Telephone, Telegraph, Telegram, Etc.	27	0	0	0	0	N/A
33 - Janitorial Services	24	0	0	0	0	N/A
34 - Security Services	12	0	0	0	0	N/A
35 - Occupancy Fixed Costs	30	0	0	0	0	N/A
40 - Other Services and Charges	36	27	593	806	213	35.9
70 - Equipment and Equipment Rental	0	0	0	10	10	N/A
Subtotal Nonpersonal Services (NPS)	184	34	610	833	223	36.6
Gross Funds	1,830	1,520	2,728	2,962	234	8.6

*Percent change is based on whole dollars.

Division 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. Also 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. The 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

The Office of Risk Management has no division structure changes in the FY 2013 proposed budget.

FY 2013 Proposed Operating Budget and FTEs, by Division and Activity

Table RK0-4 contains the proposed FY 2013 budget by division and activity compared to the FY 2012 approved budget. It also provides the FY 2011 actual data.

Table RK0-4

(dollars in thousands)

Division/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012	Actual FY 2011	Approved FY 2012	Proposed FY 2013	Change from FY 2012
(1000) Agency Management Program								
(1010) Personnel	49	92	47	-45	0.4	1.0	0.5	-0.5
(1030) Property Management	-3	0	0	0	0.0	0.0	0.0	0.0
(1055) Risk Management	16	4	127	122	0.0	0.0	0.0	0.0
(1085) Customer Service	58	116	60	-56	0.9	2.0	1.0	-1.0
(1090) Performance Management	301	315	369	55	1.6	2.0	2.8	0.8
Subtotal (1000) Agency Management Program	421	527	603	76	2.9	5.0	4.3	-0.7
(2000) Risk Identification and Analysis								
(2010) Coordination and Integ. of ARMRS	151	184	270	86	1.6	2.0	2.8	0.8
(2030) Review and Guide RA Control Committee	72	69	73	3	0.9	1.0	1.0	0.0
(Subtotal (2000) Risk Identification and Analysis	223	253	343	89	2.4	3.0	3.8	0.8
(3000) Risk Control Division								
(3010) Safety, Security Emergency Planning	115	122	124	2	0.9	1.0	1.0	0.0
Subtotal (3000) Risk Control Division	115	122	124	2	0.9	1.0	1.0	0.0
(4000) Risk Financing Division								
(4010) Claims Examination	683	695	886	190	6.8	8.0	10.5	2.5
(4040) Claims Management	77	247	155	-92	2.3	2.0	1.4	-0.6
Subtotal (4000) Risk Financing Division	760	942	1,041	98	9.0	10.0	12.0	2.0
(6000) Return to Work Program								
(6010) Return to Work	0	883	851	-32	0.0	3.0	2.0	-1.0
Subtotal (6000) Return to Work Program	0	883	851	-32	0.0	3.0	2.0	-1.0
Total Proposed Operating Budget	1,520	2,728	2,962	234	15.3	22.0	23.0	1.0

(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 divisions, please see **Schedule 30-PBB Program Summary By Activity** in the **FY 2013 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2013 Proposed Budget Changes

The Office of Risk Management's (ORM) proposed FY 2013 gross budget is \$2,961,531, which represents an 8.6 percent increase over its FY 2012 approved gross budget of \$2,727,602. 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 2012 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 initial adjustments in the budget proposal represent changes that should be compared to the FY 2013 CSFL budget and not necessarily changes made to the FY 2012 Local funds budget. The FY 2013 CSFL adjustments to the FY 2012 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 2013 CSFL budget is \$2,772,817, which represents a \$45,215, or 1.7 percent, increase over the FY 2012 approved Local funds budget of \$2,727,602.

Initial Adjusted Budget

The budget proposal enables the agency to continue to maximize support to District agencies and efficiently and fairly administers the District's public sector workers' compensation and tort liability programs.

Cost Increase: The budget proposal includes increases of \$22,215 of Local funds to adjust the budget for Supplies and Materials and Equipment and Equipment Rental, and \$111,889 for Other Services and Charges to align with historical spending.

Cost Decrease: The agency reduced \$110,767 of Local funds to align the budget with personal services cost projections, and \$23,337 to align the budget with cost projections for Supplies and Materials and Other Services and Charges.

Additionally Adjusted Budget

Technical Adjustment: Adjustments of Fringe Benefits to restore the District Government contribution for employee health insurance from 72 percent, implemented in the FY 2011 budget, to 75 percent in FY 2013, resulting in an increase of \$7,714 in Local funds.

Policy Initiatives

Technical Adjustment: Adjustment to nonpersonal services to support the Memorandum of Understanding (MOU) with the Office of the Attorney General to provide legal services in administering the Public Sector Workers' Compensation Program, resulting in an increase of \$100,000 in Local funds.

Cost Increase: Local funds were increased by \$81,000 to provide funding for 1.0 new FTE 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, or its employees.

FY 2012 Approved Budget to FY 2013 Proposed Budget, by Revenue Type

Table RK0-5 itemizes the changes by revenue type between the FY 2012 approved budget and the FY 2013 proposed budget.

Table RK0-5
(dollars in thousands)

	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2012 Approved Budget and FTE		2,728	22.0
Fringe Benefit Rate Adjustment	Multiple Programs	24	0.0
Consumer Price Index	Multiple Programs	12	0.0
Personal Services Growth Factor	Multiple Programs	9	0.0
FY 2013 Current Services Funding Level Budget (CSFL)		2,773	22.0
Cost Increase: Adjust the budget for Supplies and Materials and Equipment and Equipment Rental	Agency Management Program	22	0.0
Cost Increase: Adjust the budget for Other Services and Charges	Return To Work Program	112	0.0
Cost Decrease: Align the budget with personal services cost projections	Multiple Programs	-111	0.0
Cost Decrease: Align the budget with cost projections for Supplies and Materials and Other Services and Charges	Multiple Programs	-23	0.0
FY 2013 Initial Adjusted Budget		2,773	22.0
Technical Adjustment: Health insurance contribution	Multiple Programs	8	0.0
FY 2013 Additionally Adjusted Budget		2,781	22.0
FY 2013 Policy Initiatives			
Technical Adjustment: To support the Memorandum of Understanding (MOU) with the Office of the Attorney General in administering the Public Sector Workers' Compensation Program	Agency Management Program	100	0.0
Cost Increase: To provide funding for a new FTE for a claims adjustor position to support settling tort claims	Risk Financing Division	81	1.0
LOCAL FUNDS: FY 2013 Proposed Budget and FTE		2,962	23.0
Gross for RK0 - D. C. Office of Risk Management		2,962	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 2013:

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

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

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

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

Agency Performance Measures

Measure	FY 2010 Actual	FY 2011 Target	FY 2011 Actual	FY 2012 Projection	FY 2013 Projection	FY 2014 Projection
Percentage of District Government vendors in compliance with ORM minimum insurance requirements ¹	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 number of complaints)	-17% (991)	-15% (842) ²	-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 2012 claimant receives workers' compensation benefits ³	Not Available	Not Available	54.14	51.44	48.87	46.43
Overall average number of days off work ⁴	Not Available	Not Available	1,778	1,689	1,520	1,368
Average cost per injury per claim per year	\$11,566	\$10,741	\$10,490.88	\$9,966.34	\$9,468.03	\$8,994.63
Number of employees 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%

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. 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.
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; 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.
3. 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.
4. This is a new measure added for FY 2012. 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.
5. This measure was previously reported as the percentage of agencies participating in the Return to Work program. In FY 2012, it will be reported as a whole number to represent the number of employees returning to work.

