



District of Columbia Government
Office of Risk Management

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**Council of the District of Columbia
Committee on Government Operations and the Environment
Performance Oversight Hearing
FY 2009 and FY 2010**

Good afternoon Chairman Cheh, Committee members and staff. I am Kelly Valentine, Chief Risk Officer for the Government of the District of Columbia. I am here today to talk about the performance of the D.C. Office of Risk Management (DCORM), which consists of the Disability Compensation Program (DCP), Tort Liability Division, Risk Identification, Analysis and Control (RIAC) Division and the District of Columbia Medical Liability Captive company.

I will be sharing information about the Office of Risk Managements performance for FY 2009 and FY 2010. The mission of the Office of Risk Management is to provide risk identification, analyses, control and financing direction, guidance and support to District agencies so they can minimize the total cost of risk. The mission of the Office of Risk Management is accomplished by identifying and analyzing exposures to risk, selecting and implementing appropriate risk control strategies and managing incurred losses.

TORT LIABILITY PROGRAM

The Tort Division continues to strive and improve the overall performance and process of the claims function. In FY09 the Tort Division continued streamlining the claims handling process through reorganization, file reviews and auditing. The overall goal is to

resolve received claims at an average of 45 business days and FY09 we have been able to reduce that number from 51 in FY08 to 42 days.

In FY09, One thousand, nine hundred, ninety (1990) claims were received. Of the two thousand, forty seven (2047) claims handled in 2009, one thousand, sixty five (1065) were closed. Five hundred, seventy one (571) claims or 54% were closed with payments. Four hundred, sixty two (471) or 44% were denied or abandoned by the claimant. Twenty three (23) or 2% were closed litigated claims. Seventy-two percent (72%) of the tort claims filed are against the following five agencies:

DDOT (27%)	537
DPW (17%)	333
MPD (15%)	295
DCPS (8%)	154
FEMS (5%)	96

In FY10 to date we have received three hundred, two (302) claims. Of which, one hundred, sixty (160) claims are related to the snow storms of FY10. Twenty three (23) of the claims received FY10 have been closed. Potholes account for 30% (48) of the snow storm claims.

The Tort Liability Division continues to pursue Insurance Carriers to collect funds for property damage which has occurred to the Districts vehicles and property. In FY09 the Tort Division collected \$328,280.60 owed to the District of Columbia through subrogation. To date, Tort Liability has collected \$128,533.68 in FY 2010.

Interagency Collaboration

In FY09, DCORM provided assistance to OCP by training its contracting officers and specialists about insurance and coverage recommendations in procurement contracts. In FY10 ORM continues to work with OCP to enforce compliance with contract insurance

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requirements and the collection of certificates of insurance as verification of those requirements. OCP Contract Officers are currently exploring ways to include the Certificate of Insurance Status Report in their performance plans to ensure contract specialists are adhering to the OCP Insurance Policy (ref. Insurance Policy (Revised OCP Policy 3002.00; effective March 3, 2010), which stipulates the requirements of both the contract insurance clauses and the certificates of insurance.

As a result of this collaboration, DCORM continues to be consulted for guidance on insurance requirements and coverage recommendations. The COITS website continues to track certificates of insurance and provides enforcement for the OCP insurance requirement policy (ref. Insurance Policy (Revised OCP Policy 3002.00; effective March 3, 2010)). The website has an embedded flagging system which alerts OCP officers by email of the need to obtain updated insurance certificates from vendors for expiring insurance coverages. The certificates of insurance are compared to the contract insurance clauses inserted in various types of contracts – if the certificate does not match the contractual requirement, it is returned to the vendor for revision enabling the enforcement of those requirements. With COITS (Certificate of Insurance Tracking System), the certificate review process is now more efficient.

Tort Liability will continue identifying and tracking contractor related claims to capture the loss history of entities doing business with the District. The information will be forwarded to the Office of Contracting and Procurement via the Insurance Division and will assist the agency in determining the fitness of the vendors to perform.

In FY 2010,

- DCORM continues to oversee the management of the District of Columbia Medical Liability Captive Insurance Company for non-profit community health centers in the District of Columbia, as required by the “DC Free Clinic Captive Insurance Company Establishment Emergency (and Temporary) Act of 2007, passed by Council in FY08.

- After an interview process, the Captive awarded premium discounts to several clinics to help alleviate the financial burden of malpractice insurance and to provide funding they needed to offer additional services to the new population of district residents negatively affected by the recession. To date, there are currently 6 health centers purchasing full malpractice insurance, 1 health center purchasing GAP insurance, and 2 providers purchasing 24hr insurance.
- DCORM will continue to provide education and training sessions to OCP for the reinforcement of the new insurance requirements and coverage recommendations (ref. Insurance Policy (Revised OCP Policy 3002.00; effective March 3, 2010). Coverage and limit recommendations have been adopted by OCP in consideration of the Districts' exposures. Thus, we will also continue to review certificates and contracts entered into by the District to ensure adequate insurance coverage is obtained from vendors and contractors.

RISK IDENTIFICATION, ANALYSIS AND CONTROL (RIAC) DIVISION

The Risk, Identification, Analysis, and Control (RIAC) Division acts as the point of contact between the Federal OSHA, EPA and the DC Government. In FY 09, 430 safety audits/ inspections, and follow-up audits were conducted which fell short of FY09 goal of 470 inspections. This number was 5% short of the projection due to unanticipated staffing shortage. In FY 10 the RIAC Division has conducted 60 inspections and 44 follow-up inspections with a target goal of 552 total inspections. In FY 2010 the RIAC division has focused on follow-up inspections to ensure compliance on existing violations.

In FY 2009, DCORM provided Agency Risk Management Representatives (ARMRs) and general staff mandatory comprehensive training in Occupational, Safety & Health (OSH), Safety Orientation and DC Safety Programs enhancing their knowledge base of the Occupational Safety & Health Act (OSHA) Regulations. This OSH training

focused on General Safety Information, Safety Procedures, Accident Prevention, Accident/Injury Reporting, Biological Agents/Pathogens, Chemical storage, Emergency Management planning, and Fire Protection and Prevention to name a few areas. DCORM successfully trained 13% (5,184) of the Districts Government's employees exceeding the 10% Goal.

This will continue in FY010 by providing Agency Risk Management Representatives and general staff advanced mandatory comprehensive training in Occupational Safety and Health which include Hazard Communication Program. Process Safety Management, Material Safety Data Sheets (MSDS) Ergonomic Workplace Assessment, Employees' Right-to-Know, Industrial Hygiene and Workplace Electrical Safety, Fall/Slip Prevention, etc., as they relate to the Safety and Health Act rules and regulations (Title 29 Code of Federal Regulations 1910).

In FY 09 DCORM and the RIAC Division worked with Agency Risk Management Representatives on Emergency Evacuation Planning in cooperation with D.C Fire and Emergency Services (DCFEMS), in order to proactively protect health, economic, and social well-being of its workforce, citizens, and resources; Eighteen (18) Emergency Response Plans were submitted to DCORM. In FY 10, DCORM and the RIAC Division continues to work with the Agency Risk Management Representatives, and have received 123 Emergency Response Plans for review and approval.

“How Am I Driving?” Program

The Districts “How Am I Driving?” program promotes a safe driving culture for District government employees through reporting instances of safe and unsafe driving practices and mitigating exposures of risk while ensuring the safety of motorists and District government employees. In FY09, with the assistance of the summer youth participants, DCORM affixed 3210 bumper stickers and inserted Accident Reporting Procedure packets into District Government vehicles identified after the District-wide fleet reduction.

Government & Personal Vehicle Operators Accountability Policy

DCORM, in collaboration with the Office of the Attorney General (OAG) and the Office of the City Administrator (OCA), has created Mayoral Order 2009-160:

Government and Personal Vehicle Operators Accountability Policy. This administrative issuance outlines the role of various agencies to ensure proper operation of District and personal vehicles for government business. This Mayoral Order will ensure each agency has a Vehicle Operators Policy and Procedures in place making a safer environment for District employees and citizens. It will assist in verifying driver's licenses for District employees driving government and/or personal vehicles for business use. District employees who operate a privately owned vehicle while conducting District Government business have to provide proof of automobile insurance coverage for the vehicle and proof of compliance with all registration and inspection of their vehicle. In FY 10, 37 agencies submitted their Vehicle Operator's Accountability Policy. This represents 100% compliance of all mayoral agencies identified as having operators of government and/or personal vehicles for district government business. DCORM, in conjunction with MPD and DMV has conducted license verification for 24 agencies. A total of 1,120 driver license checks have been conducted, of this number 45 licenses were found to be ineligible for operation of a District government or personal vehicle on official District government business.

CapStat/Quickbase

DCORM, in cooperation with the City Administrator's Office (OCA) and the Office of the Inspector General (OIG), has developed a Quickbase application to manage OIG recommendations. Quickbase application allows an easy way to organize, track and share information to Agency Risk Management Representatives (ARMR) regarding open/unresolved OIG recommendations. The Quickbase application is accessed by forty-five (45) Agency Risk Management Representatives (ARMR) and DCORM staff to ensure that all OIG's recommendations have been resolved and closed following appropriate mitigation. In FY08, 65 recommendations were received and all closed.

In FY 09, 74 recommendations were received , 50 recommendations were closed, with one agency still addressing their 24 open recommendations. In FY10, 25 recommendations were received, 24 recommendations have been closed with one (1) agency having an open recommendation. A recommendation is defined as open when agency management and the OIG agree on actions to be taken, but those actions are not complete. A recommendation is defined as closed when agency management advises the OIG that the action necessary to correct the condition is completed.

Inspections database

DCORM in collaboration with DRES and OCTO has developed a new Remedy Inspections database. The database allows for real-time tracking of each safety inspection performed by DCORM inspectors while providing all details on violation location, severity, category, and status. This database will assist DRES with real-time information on environmental/building inspection violations and allow them to take immediate action on work place hazards. This will improve the safety and health environment for District employees.

DISABILITY COMPENSATION PROGRAM

The Disability Compensation Program guarantees the payment of benefits for the disability or death of an employee resulting from personal injury sustained while in the performance of his or her duties. Benefits include Medical Treatment, Lost Wage Compensation and Vocational Rehabilitation. The program also provides training to various agencies in an effort to stimulate employees' interest in accident prevention and to train and motivate supervisors in accident prevention concepts, practices and techniques.

In FY09, DCP closed 1504 claims which took an average of 533.06 days for indemnity claims and 124 days for medical only claims, which was trending in a positive direction compared to FY08 when it took an average of 644 days to close an indemnity

claim and 112 days to close a medical only claim. In FY09, we ended the year with 1414 open claims a 1.2 % increase over FY08. As of March 1, 2010, there are 1675 open claims.

The Disability Compensation Manager and Specialists conduct internal audits of the TPA files quarterly. The intent is to closely monitor the handling of the files in a proactive manner before major problems develop. The terms of the Contract require a passing score of 95. In FY 2009 the Disability Compensation Program received guaranteed payments in accordance with the contract and conditions because of TPA's failure to meet the required score.

Further DCORM completed our fifth actuarial study as required by the CAFR that provides an estimate of the loss and loss expense reserves for the disability compensation, general liability, and automobile liability self-insurance accrual for the District of Columbia Office of Risk Management (DCORM) as of September 30, 2009. As a result of the study, the Disability Compensation Program established goals of increasing oversight of the Third Party Claims Administrator, monitoring key performance indicators to benchmark progress in achieving program goals quarterly. We were successful in not having any yellow book findings for this audit. .

FY09 SUCCESSES - DISABILITY COMPENSATION PROGRAM

As a result of the linkage between the Disability Compensation payroll system and the District's payroll system, we have been able to eliminate duplicate payments to employees expeditiously. This process is instituted every payroll cycle and has eliminated system generated duplicate payments.

A total of \$297,626.13 with a remaining balance due of \$43,040.29 in overpayments was recovered from the TPA in FY09, due to its failure to properly review open claim files.

In FY09 the Disability Compensation and Return to Work Program Staff conducted several Training Sessions for District agencies including the Chief Medical Examiner's Office; Child and Family Services Agency; Department of Real Estate Services, Department of Corrections, D.C. Public Library; and the Department of Health and The Department of Transportation. The sessions covered the proper protocols for filing and monitoring a Disability Claim including incident reporting, time calculation, Acceptance, Denial and Appeal of claim. The Return to Work training also included a review of the Policies and Procedures for placement of employees returning to Light/Modified duty employment and creative ways to establish light duty positions.

DCORM continues to provide onsite training program for TPA claims adjusters, telephonic onsite Nurse Case Managers, OAG attorneys and DCORM staff. In FY09, we provided the following training classes which allows staff to handle claims more efficiently. Roadblocks to recovery -- Pain Management, Foot and Ankle Problems in Workers Compensation, Carpal tunnel and ACL/Knee Injuries (as these are frequent injury trends) reported to DCORM by the agencies. The information from these sessions has proven to be an excellent resource for both the TPA team and DCORM staff in setting reserves on claims, and claims management.

The Disability Compensation program provides the RIAC team with data for each agency. Risk Managers are provided with monthly detail Injury Reports that contain detailed information on their losses and associated costs. The managers are utilizing these reports as management tools to emphasize safety, promote training and contain Disability Compensation costs.

DCORM monitors all claims with potential for subrogation. The TPA has been asked to closely scrutinize all cases with subrogation potential. As a result, we recovered \$166,819.44 in FY08, \$320,416.49 in FY09 and to date FY2010 we have recovered \$80,351.07.

In FY09, the Legal Roundtables have proven to be productive ways for the Claim Examiners, Specialist and the OAG Attorneys to review and develop appropriate strategies for the defense and possible resolution of pending DCP cases before the Office of Hearings and Adjudication (OHA).

In FY09 DCORM in collaboration with the D.C. Office of Child Support Services (DCCSS) and the Federal Office of Child Support Enforcement (OCSE) developed a reporting protocol whereby DCORM is supplying DCCSS with a listing of all Disability Claimant receiving Indemnity payments. This list is cross-referenced with both DCCSS and CSE's list of delinquent Child Support payees within the District of Columbia and across the Nation.

As a result of current and potential spending pressures, DCORM has taken several immediate steps to reduce Program costs. Included are:

- Require all requests for services to be pre-approved.
- Met with all Vocational Rehab providers, IME providers and imaging providers to negotiate reduced rates.
- Negotiating with transportation vendors to reduce current rates.
- Researching pharmaceutical providers to reduce current rate.
- Reviewed possible insurance options for program.

The agency continues to make positive strides in the overall improvement of business processes, customer service and the risk management process in the District government. We thank you for the opportunity to discuss the performance of the D.C. Office of Risk Management. We will be happy to respond to any questions you may have.