

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Risk Management



Fiscal Year 2017 Performance Oversight Hearing

Testimony of
Jed Ross
Director

Before the
Committee on Labor and Workforce Development
Council of the District of Columbia
The Honorable Elissa Silverman, Chairperson

John A. Wilson Building
Room 412
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

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10:00 a.m.

Introduction

Good Morning, Chairperson Silverman and esteemed members of the Committee on Labor and Workforce Development. I am Jed Ross, Chief Risk Officer for the District of Columbia's Office of Risk Management (ORM). As a resident, employee, attorney, and advocate, I believe in the Mayor's initiatives for enhanced accountability and transparency within our government and appreciate the opportunity to testify before this Committee regarding the progress ORM has made since the beginning of Fiscal Year 2016 in furtherance of these initiatives and what we look to accomplish in the upcoming months.

Mayor Bowser's administration remains committed to creating pathways to the middle class by investing in education, infrastructure, public safety, and people. The Fair Shot Budget for fiscal year 2017 (FY2017) was the first budget developed wholly under Budget Autonomy. For the first time since Home Rule was passed in 1973, the District was able to spend our local dollars without having to wait on Congress to pass the federal budget. This brings us one step closer to operating like the 51st state. As the risk officer for

the District, ORM already functions similarly to equivalent state-level risk offices throughout the country.

Background

First, I would like to provide you with a brief background on ORM. The mission of the agency is to reduce the probability, occurrences, and cost of risk to the District government. We achieve this mission by (1) transferring the District's risks to third parties whenever appropriate and (2) providing supervision and guidance regarding public safety and risk prevention to government agencies. These objectives are accomplished through ORM's four primary divisions: the Tort Liability Division, the Insurance Division, the Public Sector Workers' Compensation Program (PSWCP), and the Risk Prevention and Safety Division (RPS).

Highlights

Together, these four primary divisions of ORM have achieved numerous goals and objectives. During the next few minutes, I would like to first highlight three of these achievements followed by six additional initiatives for Fiscal Year 2017. Each of these achievements and initiatives

assists in creating greater accountability and transparency government-wide for risk and liability prevention.

Fiscal Year 2016

The first initiative in Fiscal Year 2016 I would like to highlight is the expansion of the District's Insurance Program, which has resulted in financial savings, while at the same time increasing ORM's insurance support of other agencies. We were able to bring a fresh start to the insurance program by hiring an insurance program officer and insurance program analyst. Through their experience and diligence the District was able to recognize a 28 percent savings in its property insurance rate and also increase coverage from \$5.8 billion to \$7.3 billion for the District's real and business personal property assets. In addition, since the new insurance team's onboarding in September 2016, ORM has held over 18 agency trainings regarding exposure identification, description of coverages, certificates of insurance, and the process for obtaining ORM assistance. In addition, the team has aided over 20 District agencies and boards with numerous insurance challenges, particularly those concerned with District Government contracts. As a result of these trainings and personal interactions, there is better communication

and improved rapport between ORM and these agencies, as well as a better understanding of the role of insurance in protecting the District Government in the course of fulfilling fiduciary responsibilities to constituents.

The second initiative involves a renewed focus on the District's subrogation efforts, which has resulted in recoupment of additional funds for the benefit of the District Government. For example, ORM's Tort Division projected to collect \$80,000 in Fiscal Year 2016, yet we ended the year collecting \$175,846.89. For Fiscal Year 2017, we established a goal of \$125,000, and year-to-date we have already collected over \$90,000. This success is partially the result of the creation of the Subrogation Task Force, which meets monthly with agency representatives to discuss the Tort Division's subrogation efforts and to elicit assistance in ORM's efforts in identifying and collecting monies for the District. In conjunction with these collection efforts, the Tort Division has recently centralized all of the District's subrogation claims in an effort to identify and analyze patterns and possibly create solutions to reduce claims. We anticipate that these efforts will generate substantially greater collections in the future and also significantly mitigate the District's exposure to damage and risk.

The third initiative I would like to highlight for Fiscal Year 2016 concerns the uniformity and transparency of the Public Sector Worker's Compensation Program's (PSWCP). ORM had worked much of the Fiscal Year to publish a "Notice of Proposed Rulemaking" to repeal and replace the existing workers' compensation regulations. As a part of this initiative and because ORM believes in transparency, ORM has met with Councilmembers, this Committee's Staff, concerned injured workers, held Public Information Sessions, met individually with the Employment Justice Center, and provided for an extended comment period in connection with the proposed rulemaking.

Fiscal Year 2017

Looking forward to Fiscal Year 2017, ORM has identified several opportunities to better manage the District's risks. The following highlight six objectives related to these opportunities:

The first objective for Fiscal Year 2017 is focused on increasing risk mitigation through the selection and purchase of additional insurance and increasing conformity in third party insurance requirements. For example, to transfer the risk of loss for the District's fine art and special collections,

ORM is pursuing fine arts insurance. As a part of that effort, the ORM insurance team has met with third parties to determine the requirements for such coverage while also soliciting detailed listings of fine art and historical documents from District agencies.

The second objective for Fiscal Year 2017, in conjunction with the currently proposed rulemaking, is the introduction and publication of a PSWCP Manual. The Manual will prescribe the policies, procedures, and responsibilities that apply when processing, adjudicating, maintaining, and managing workers' compensation claims. The Manual will expand upon the regulatory framework by essentially creating a standard operating procedure and bring transparency to the Program's daily operations.

The third objective for Fiscal Year 2017 is the pursuit of strengthened subrogation efforts. This effort will assist the District in repairing and replacing District property which is damaged or destroyed due to the negligent or purposeful acts of others. Moreover, through this effort, the agency will better track, budget, and analyze monies collected through subrogation.

The fourth objective for Fiscal Year 2017 supports the District's "Vision Zero" initiative by establishing a defensive driver safety program. The objective of this program is to create a safer driving environment for the District's citizens and employees.

The fifth objective for Fiscal Year 2017 is the creation of a District Government-wide Enterprise Risk Management System (ERMS). In addition to supporting ORM's business needs for all of its four divisions (Worker's Compensation, Tort, Insurance, and Risk Prevention and Safety), the goal of the new ERMS is to provide risk management direction, guidance, and support to District Government agencies so they can minimize the total cost of risk, resulting in improved government operations and enhanced service delivery.

The sixth initiative for Fiscal Year 2017 is about the continued improvement of oversight of the PSWCP third party administrator (TPA), which is currently administrated by CorVel. ORM's priorities for improvement are in the areas of the timeliness of decisions and timeliness of payments for benefits. CorVel Corporate is being held accountable under its

contract for the delivery of service promised under the contract. The current onsite CorVel staff is hardworking and capable, but has not received the support it deserves from its parent company. ORM is looking at a multi-year timeline to accomplish changes needed to derive a new method of delivery with a better focus on customer service. In the meantime, ORM provides ongoing management oversight, counseling, and training to the PSWCP's TPA employees to address the current issues. ORM believes it is taking great strides through its efforts to improve the ongoing problems with the TPA and the Program in general.

Conclusion

The efforts described are just the beginning steps ORM has taken in fulfilling the Mayor's top priority of accountability, transparency, and open government. ORM looks forward to continuing its mission of reducing and mitigating risk by working with other agencies in the District Government, interested members of the public, this Committee and the Council to ensure that mission is met. Thank you, Committee Chairperson Silverman and Committee members for your leadership and support, for allowing me the time to discuss the great work ORM is doing and will continue to do over the

next Fiscal Year. As always, ORM will ensure that the communication channels with your staff remain open and productive, so we can remain partners in this effort. I am happy to answer any questions you may have.