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State of Georgia/ Department of Administrative Services

Assign Program Category (applicant): Government Operations & Technology: Administration

1. Program Name: **Comprehensive Loss Control Program**
2. Administering Agency: **Risk Management Services**
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9. **Please provide a two-sentence description of the program.**
The Comprehensive Loss Control Program (CLCP) is a statewide safety initiative that employs an enterprise risk management approach to managing and avoiding liabilities arising from state operations. The CLCP helps Georgia governmental entities identify risk exposures and develop customized, operation-specific programs to prevent accidents.
10. **How long has this program been operational (month/year)?**
The CLCP was rolled out to Georgia agencies, colleges and universities on October 1, 2008.
11. **Why was the program created? What problem(s) or issue(s) was it designed to address?**
As the centralized organization established to handle state risk liabilities, DOAS observed the ever-increasing financial burden of workers' compensation claims, property maintenance issues, and auto accidents on state taxpayers. The best way to handle a claim is to avoid one altogether. To purposely avoid operational risks, a systematic shift in thinking and behaviors is required.

The CLCP was designed to mandate an enterprise-wide culture of safety, without dictating a specific operational format. Nearly every major exposure faced by the state

is addressed by the collaborative planning and educational program, which is composed of eight risk management programs and an online video training series. After conducting on-site property and procedures inspections, state entities use the videos and guidance from RMS' professional loss control and safety team to implement their own loss prevention plan and training programs to address exposures specific to their business operations.

Finally, the CLCP encourages an enterprise-wide shift in behaviors through incentives and disincentives. The CLCP operates as a contract between state entities and RMS, whereby state entities with effective loss control programs are rewarded with favorable premiums and adjusted claim deductibles. Alternately, state entities with less effective programs receive less favorable premiums and claim deductibles. In effect, the CLCP empowers state entities to share in the responsibility for managing operational risks and maintaining a culture of safety.

12. Describe the specific activities and operations of the program in chronological order.

- a. **Program Development**, 6 months in 2008.
- b. **Initial Roll-out** to agencies and beginning of contract period – Agencies had from October 1, 2008 until February 1, 2009 to sign a contract with DOAS to implement the CLCP unique to their agency.
- c. **Evaluation Period**, February 1, 2009 - July 1, 2009. Each participating agency had their existing programs evaluated and an individual risk profile created. After the evaluation phase, agencies were classified by the development of their program. Agencies with partial program implementation were moved into an implementation posture (phase 2) for further development. Agencies that had all 8 programs in place were moved into a monitoring only position (phase 3).
- d. **Recommendation and Monitoring Period**, July 1, 2009 – June 30, 2010. Phase 2 (Implementation) agencies were given 90 to 180 days to develop and implement programs to become fully compliant (phase 3 Monitoring). Agencies already at phase 3 were monitored with claims activity reviewed on a monthly basis, to gauge the effectiveness of their safety programs. Loss data was compared to the previous two-year period in order to gauge program effectiveness.
- e. **Phase 3 Monitoring**. All participating agencies will be phase 3-compliant by July 1, 2010. As of February 1, 2010, 50 percent of agencies were phase 3 compliant. Agencies will be monitored on an outcome-based evaluation. The goal of the CLCP is to reduce or eliminate claims. Each agency has a claims history; therefore, the reduction in claims can be measured by comparing current claims activity to prior periods. State agencies are benchmarked against each other and industry standards. Adjustments or enhancements will be provided to agencies not showing continuous improvement.

13. Why is the program a new and creative approach and method?

Before implementation of the CLCP, no comprehensive risk management approach had ever been undertaken in Georgia state government. In the past, Georgia's risk

management program was run by bureaucrats—individuals that were excellent general managers, but lacked the industry experience required to minimize state risk. As a result, most of Georgia’s risk management efforts failed, either from a lack of focus on the loss side of risk or from the adverse effects of political expediency.

The innovation of Georgia’s CLCP is in its comprehensive approach to loss control, the fact that the implementation of an enterprise-wide culture of safety is tackled strategically from different risk management angles. To our knowledge, **no other state in the nation** is approaching risk management on a comparable enterprise-wide level. Only the State of Georgia has the legislative authority to offer collaborative guidance and training provided to all state entity employees, while issuing an incentives- and disincentives-based plan to generate buy-in from management.

Moreover, it is innovative that although we are the centralized authority, we work as collaborative partners with state entities to tailor programs to their business needs. We introduce our risk management philosophy through our video series; however the videos are broad. Only by working with DOAS’ classically trained safety and loss control staff are specific plans created. This way, the needs of individual state entities and the enterprise-wide loss control strategies can be properly aligned for the benefit of Georgia.

14. What were the program’s start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

RMS staff was already in place, so there was no additional staffing necessary. The initial costs were in the hours of development. \$14,500 was spent producing 10 training videos. RMS also contracted with a vendor to place large yellow “Report My Driving” bumper stickers on non emergency state vehicles. The bumper sticker program will cost approximately \$130,000 per year to place stickers on 16,000 state vehicles and then to maintain the call center to receive and distribute caller complaints or comments on each driver’s behavior to the driver’s supervisors.

15. What are the program’s annual operating costs? The annual cost for the CLCP is part of RMS’ normal operating costs.

16. How is the program funded? The cost of the program is a part of the normal operating costs to RMS and carries no real incremental costs.

17. Did this program require the passage of legislation, executive orders or regulations? If yes, please indicate the citation number.

The CLCP is the implementation of new authority granted by legislation in 2008. The new legislation, Georgia Senate Bill 425, gave increased authority to the Department of Administrative Services – Risk Management Services to create incentives and impose

penalties on state agencies through the premium allocation and claims process, to encourage agency participation in loss control activities.

18. What equipment, technology and software are used to operate and administer this program?

No special equipment is used. The data is retained on the state's claims management system, and evaluated using Microsoft Office products.

19. To the best of your knowledge, did this program originate in your state? If yes, please indicate the innovator's name, present address, telephone number and email address.

Yes, this program originated in the DOAS-Risk Management Services organization. It was a group effort by the organization's dedicated personnel that was spearheaded by the RMS Director. Risk Management Services, Chris Risley, Director, 200 Piedmont Avenue S.E., Suite 1208 West Tower, Atlanta, Georgia, 30334. 404-463-5458, Christopher.risley@doas.ga.gov.

20. Are you aware of similar programs in other states? If yes, which ones and how does this program differ?

We are not aware of any other state with risk management programs at this comprehensive and enterprise-wide level and the reason ties back into a matter of legislative authority. We feel it is a foundational requirement for the success of the CLCP to create a customized safety program as well as apply incentives and disincentives to encourage participation. Georgia is implementing a truly unique risk management process, a program that is probably more common in the private sector.

Most states hire third party administrators to handle the risk management data and as a result, are typically less aware of their loss control progress. As the State of Georgia's centralized risk management arm, DOAS – Risk Management Services has uninhibited access to risk data collected for the past 26 years. Reliable data allows Risk Management Services to set performance goals and benchmarks.

DOAS-Risk Management believes in the CLCP as well as importance in centralized risk management, so much so that we have shared program details with more than a dozen states in the nation. Additionally, we have made program data available on the STRIMA Web site.

21. Has the program been fully implemented? If no, what actions remain to be taken?

The program is fully implemented in 50 percent of Georgia state agencies and partially implemented in all remaining agencies. Current trending data is already showing a significant reduction in claims.

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problems(s) or issue(s). Provide tangible examples:

The program is proving very effective. We know from our detailed tracking of Georgia's claims history, that we are seeing a steady decrease in the number of claims each year. In fact, we estimate that we have avoided more than 700 claims since introducing the CLCP. We have a benchmark goal of preventing 1,000 claims by the close of FY2010 and we are well on our way to meeting that goal.

Other Pros:

Nearly 400 claims were avoided during the first 5 months of implementation and over 700 claims have been avoided in the last 8 months. Year-to-date numbers show auto liability claims down 14 percent and workers' comp claims down 10.5 percent. That translates to several million dollars of avoided costs in little more than a year.

Cons:

Change management and agency level budgetary constraints in difficult economic times can pose a challenge to any program.

23. How has the program grown and/or changed since its inception?

The program is still fairly new so not much has changed.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

Having classically trained risk management and loss control personnel in place is a key ingredient to making the initiative successful. Such a team is instrumental in changing cultures in participating agencies to create an awareness of loss control techniques and a culture of safety.