

PUBLIC RISK



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**SEATTLE
RISK MANAGER
IS THE 2018
PUBLIC RISK
MANAGER OF
THE YEAR**

MEET JENNIFER HILLS, ARM-P, CRM

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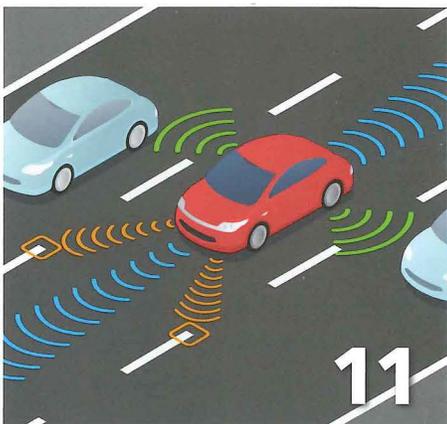
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**SEATTLE RISK
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**MEET
JENNIFER HILLS,
ARM-P, CRM**



BY JENNIFER ACKERMAN, CAE

LIKE MOST PUBLIC ENTITIES, KING COUNTY, WASH, WAS “RISK AVERSE.” But Risk Management Director Jennifer Hills is re-focusing King County’s risk efforts to be “risk optimized.”

LHills change of focus for the county’s risk management team enabled her to direct conversations and strategic management plans toward value creation, as well as comprehensive assessments of risks to facilitate quality decision-making. This culture shift helps King County leadership tolerate the correct risks, and therefore respond timely and more effectively to growing demands for government services.

“Since Jennifer came on, we’ve had a sea-change,” said Michael Gedeon, chief administrative officer for the King County Department of Health. “Where before people would avoid risk management, now people see risk management as a place to partner and engage to solve problems early.”

Hills innovative approach has not only saved King County money, but earned her the prestigious PRIMA Public Risk Manager of the Year award.

“I am really honored to get this award,” said Hills. “It recognizes the wonderful work being done by King County government and more importantly, the work of my staff. I have the most dedicated and talented risk management staff you can imagine.”

Hills received her award at PRIMA’s 2018 Annual Conference in Indianapolis in June.

KING COUNTY

King County, which includes the Seattle-Bellevue metropolitan area, is the most populous county in Washington and the 13th largest county in the United States, serving a population of more than 2 million. 14,000 county employees provide direct and regional government services such as public health and community services; parks and recreation including more than 175 miles of maintained trails; wastewater treatment; building and land use services; roads engineering, construction and maintenance; and criminal justice through law enforcement, District and Superior Courts, the Prosecuting Attorney’s Office, adult and juvenile correctional facilities, and the Office of the Public Defender. King County also operates regional bus, light rail, and street car services with more than 140 million

annual passenger boardings, provides passenger ferry service, and owns and operates King County International Airport/Boeing Field.

The past five years have brought significant growth to King County, particularly in the areas of population; new commercial and residential construction; business and community development; and transportation infrastructure. This economic expansion affects all County departments and programs, ultimately increasing demand for and the strain on government services.

As the King County Risk Manager, Hills is responsible for managing a comprehensive, cost-effective and nimble risk management program. She must incorporate the impacts of regional change into the County’s risk matrix, continuously monitoring the accuracy of that matrix against current conditions and resource constraints.

ERM ARRIVES IN SEATTLE

Historically, King County government has positioned itself as risk-averse. There are good reasons for a large government to exercise caution and avoid negative outcomes; but avoiding risk can also lead to underachievement of strategic objectives, even those most prioritized by agency leadership. Hills’ challenge as King County’s risk manager is to change the risk culture of King County from excessively risk averse to risk optimized. This involves Hills promoting a risk-aware culture, as well as thoughtful change management.

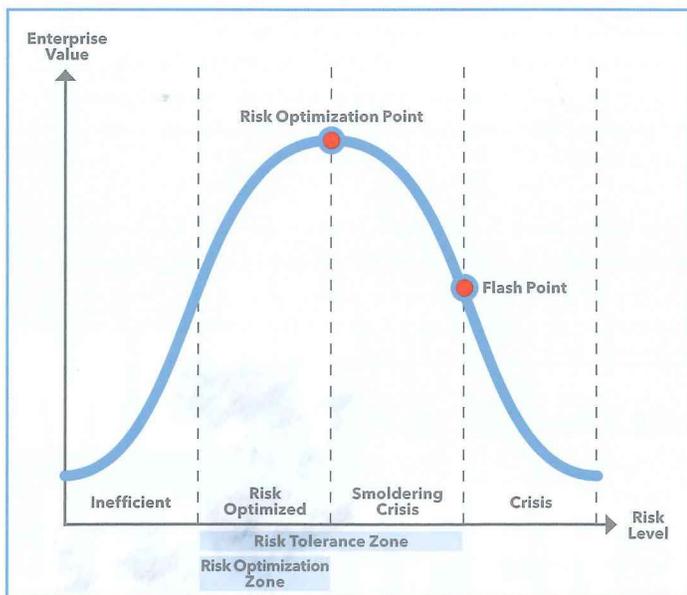
Hills has evolved King County’s risk management program from advanced risk management that was proactive about preventing and reducing



operational risk to enterprise risk management (ERM) that aligns risk management to the County’s mission and values, is integrated into budget and strategic planning processes, and includes risks and opportunities.

“Jennifer brought enterprise risk to the county,” said Chauntelle Hellner, deputy director of the county’s business resource center. “ERM helped us to look at risk more proactively.”

Hills has used the success of the ERM program to further move the risk culture toward risk optimization. Hills’ approach has changed the shape of risk in King County. Risk is a now bell-shaped curve.



The risk-value curve comes from King County’s membership and Hills’ leadership in the Consortium for Advanced Management International (CAM-I). CAM-I is an international consortium of private sector and government organizations who have elected to work cooperatively to solve management problems and critical business issues that are common to

the group. Hills is using this risk-value framework to shift King County thinking about risk, and support leaders’ abilities to take the right risks to advance enterprise value. The concept demonstrates how an organization can take on measured risk and increase value within a risk optimization zone. Continued risk taking beyond an optimal zone could result in value decline and a possible crisis.

HILLS ADDRESSES TRADITIONAL RISK CONCERNS

With a staff of 28 and a \$32 million annual budget, Hills also ensures quality and effectiveness in the following areas:

- Loss Control: \$1 Million annual fund for County loss control initiatives;
- Allocating Cost of Risk: Based on loss history, with financial incentives for departments to reduce losses;
- Claims: Nine adjusters who investigate and resolve 1800 claims filed annually against the County;
- Recovery Claims: Averaging \$2 Million in annual recoveries for damage to County vehicles and assets;
- Risk Finance: Using actuarial projections to estimate and fund all incurred liabilities;
- Insurance: Procuring all insurance policies for King County (property, excess liability, excess worker’s compensation, cyber, aviation, marine, pollution, fiduciary, crime, terrorism, foreign liability);
- Contracts: Establishing insurance requirements and contractual risk transfer mechanisms for all County contracts; and
- Open Government: Public records program, ethics program, and financial/lobbyist disclosure programs.

ADDRESSING THE COST OF RISK

It’s important to Hills to communicate the value of what her department does to all of the County’s elected officials. Therefore, Hills reports King County’s total cost of risk in the annual Risk Management Report. She measures the overall costs associated with managing risk as a percentage of the total operating budget. The costs include claim and litigation expenses, insurance premiums, and administrative expenses. Although workers’

compensation claims are not managed within risk management, the measure also includes the cost of King County's Workers' Compensation program, which is part of King County Human Resources. The target for the cost of risk is no more than 2 percent of the County's operating budget. King County's total cost of risk for 2016 was 1.85 percent of the County's total operating budget, and the County has performed well within the target for several years.

Year	Risk Management Cost of Risk	Worker's Comp Cost of Risk	Operating Budget	Total Cost of Risk Compared to Operating Budget
2011	\$25,328,212	\$29,697,213	\$3,448,470,772	1.60%
2012	\$28,560,602	\$27,494,721	\$3,650,529,897	1.54%
2013	\$28,259,025	\$26,667,686	\$3,715,754,546	1.48%
2014	\$26,166,583	\$25,793,893	\$3,976,465,239	1.31%
2015	\$28,783,173	\$24,883,772	\$3,971,776,818	1.35%
2016	\$52,197,665	\$27,221,531	\$4,283,455,104	1.85%

The cost of risk was higher in 2016 due to three significant claims that resolved using King County's Early Case Assessment Strategy. These claims were projected to resolve in 2017 and 2018, however liability was quickly determined and the risk management team focused on obtaining key pieces of information to evaluate damages and reach an early resolution with the injured parties. While the early case assessment strategy shortens the time from claim filing to closure and can impact financial projections, it also uses resources efficiently, saves costs, and achieves better outcomes for claimants and King County's tax payers.

EARLY CASE ASSESSMENT STRATEGY

Over the past few years, King County has experienced a significant reduction in the length of time it takes to resolve claims in excess of \$250,000. Hills and her colleagues in the Litigation Section of the Prosecuting Attorney's Office adopted an early case assessment strategy which includes written case management plans for significant claims and lawsuits. With this approach, major losses are reviewed to assess liability and damages, establish case reserves, and select a team to manage them. The claims and litigation team is tasked with early outreach, an appraisal of what essential information is needed, and a written plan to acquire that information. The team makes a short list of information needed for analysis rather than investigating every potential angle. Once comfortable with the information gathered to adequately evaluate the case, work begins to resolve the matter.

The goal is to reduce the amount of time it takes to reach resolution. Ultimately, using resources efficiently saves costs and achieves better outcomes for claimants and King County's tax payers. It requires a mature process to evaluate liability and assess damages. This approach works at King County because Hills, her staff, and the County's in-house lawyers have the experience and judgment to stay focused on the issues that determine outcomes.

REAL LIFE EXAMPLE

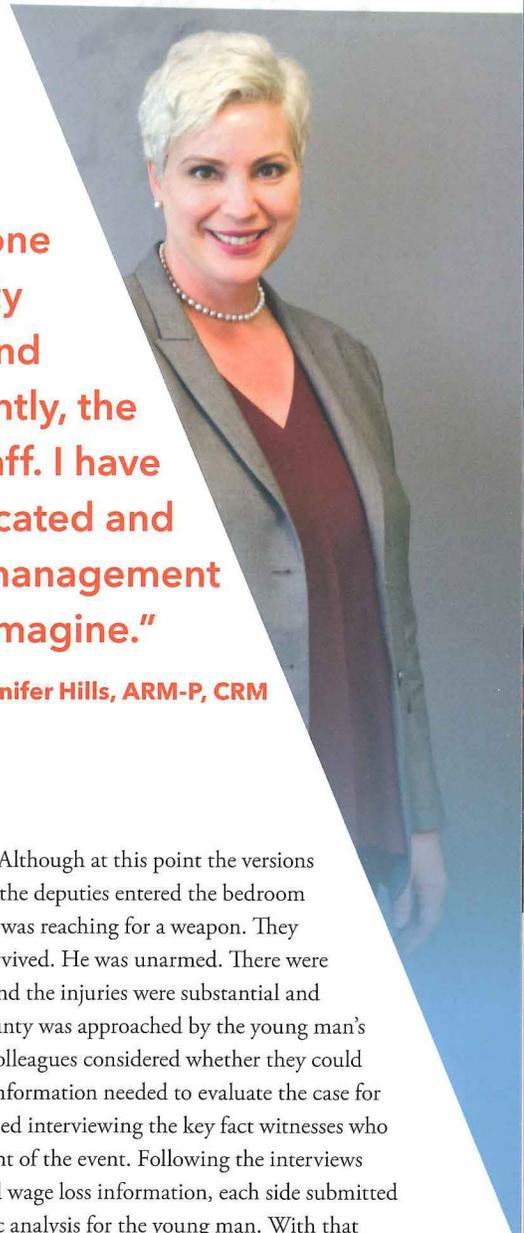
King County Sheriff's Deputies went to a house to arrest a probation violator and search the home for weapons and other probation violations. After arresting their suspect, the deputies learned a young man was

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Jennifer Hills, ARM-P, CRM



King County



sleeping in a back bedroom. Although at this point the versions of how it occurred diverged, the deputies entered the bedroom and believed the young man was reaching for a weapon. They shot him 15 times and he survived. He was unarmed. There were obvious liability questions, and the injuries were substantial and permanent. When King County was approached by the young man's attorneys, Jennifer and her colleagues considered whether they could obtain the critical pieces of information needed to evaluate the case for early resolution. They proposed interviewing the key fact witnesses who were in the house on the night of the event. Following the interviews and exchange of medical and wage loss information, each side submitted a life-care plan and economic analysis for the young man. With that information, the parties were able to present their positions on liability and damages and resolved a controversial law enforcement use of force case without the expense of litigation.

Hills continues to execute innovative programs within King County government. ■

Congratulations to Jennifer Hills for being selected as PRIMA's 2018 Public Risk Manager of the Year! The Public Risk Manager of the Year award is sponsored by Aon.