



Office of Administrative Hearings

Overview of Rates

June 22, 2016



OFFICE OF ADMINISTRATIVE HEARINGS (OAH)

MISSION – WE INDEPENDENTLY RESOLVE ADMINISTRATIVE DISPUTES THROUGH ACCESSIBLE, FAIR, PROMPT PROCESSES AND ISSUE SOUND DECISIONS.

The Legislature created OAH in 1981 to increase appellants' confidence in the independence and fairness of their appeal.

The Chief Administrative Law Judge is appointed by the Governor to five year terms following Senate approval.

Administrative Law Judges (ALJs) are experienced attorneys appointed as exempt employees by the Chief Administrative Law Judge.

- ✓ 93 Administrative Law Judges
- ✓ 65 Field Office Support Staff and HQ Admin Staff

OAH provides all participants a prompt, fair, and accessible opportunity to be heard on disputed matters involving state and local agencies.

- ALJs conduct hearings for people and businesses who disagree with actions taken by state and local government agencies.
- The ALJ issues a written order that upholds or reverses the agency action.
 - Hearings have relaxed rules of procedure.
 - Parties are placed under oath
 - Parties do not need attorneys to adequately represent themselves.
 - No filing fees for litigants.

OAH OFFICE LOCATIONS



ABOUT OAH

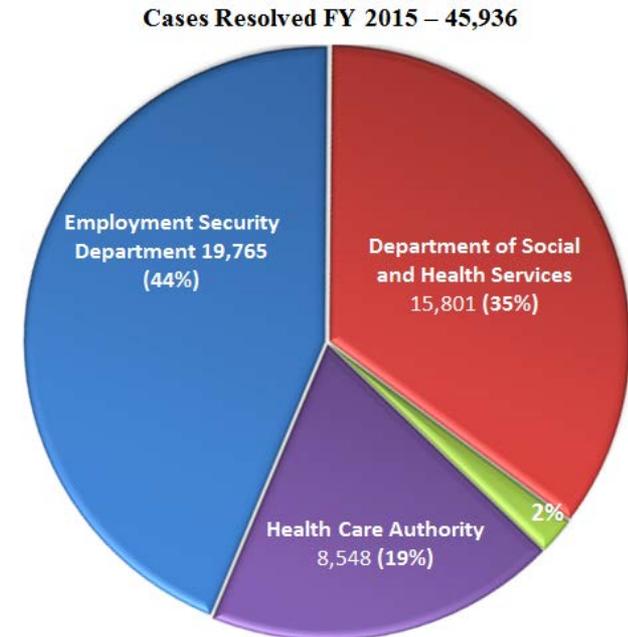
WE HOLD HEARINGS FOR MANY STATE AND LOCAL GOVERNMENT AGENCIES INCLUDING:

- **Employment Security Department**
- **Department of Social and Health Services**
- **Health Care Authority**
- **Department of Licensing**
- **Gambling Commission**
- **Washington State Patrol**
- **Liquor & Cannabis Board**
- **Office of the Insurance Commissioner**
- **Executive Ethics Board**
- **Department of Labor and Industries**
- **Office of the Superintendent of Public Instruction**
- **University of Washington**
- **Washington State Department of Transportation**
- **State Human Rights Commission**
- **Department of Financial Institutions**
- **Washington Lottery**
- **Office of Minority and Women's Business Enterprises**
- **Department of Early Learning**
- **Local Government Agencies**
- **Department of Natural Resources**
- **Department of Agriculture**
- **Department of Fish and Wildlife**



OAH RESOLVES MORE THAN 45,000 CASES A YEAR

In 2015, OAH resolved almost 46,000 cases involving people applying for or receiving public assistance, unemployment benefits or child support and alleged toll violations.



OAH BILLING METHOD

(Rates are illustrative only, based on first 10 months of FY16 actual data)

New method: 3 cost pools

- Cost Pool 1: Administrative Law Judge actual case time at \$80.00¹ an hour; this includes judge salaries and benefits, supervision, and caseload driven costs such as travel;
- Cost Pool 2: Support staff direct billable time at \$48.00¹ an hour; this includes salaries and benefits, supervision, and caseload driven costs such as paper, postage, and interpreter services;
- Cost Pool 3: Centrally provided services including HQ, IT, HR, call center staff salaries and benefits as well as central service charges from other agencies, leased facilities and equipment etc. distributed as a share of hours in Pools 1 & 2.

¹ Rates are illustrative only, based on first 10 months of FY16 actual data

WHY A NEW METHOD?

The old method was very simple: \$130.34 per billable judge hour.

However, there were two problems and one missed opportunity.

Problem 1: Caseloads vary widely in their support staff effort; costs are incurred without proportional billings when charges are based only on ALJ hours;

Missed Opportunity: Agencies have little financial incentive to work with OAH to create “Lean” processes that would reduce support staff effort.

WHY A NEW METHOD?

Problem 2: A deficit is created when fixed costs are included in the setting of the hourly rate and the number of cases declines.

- Agencies have not been able to accurately estimate the number of cases that they will be sending to OAH.
- While ALJ and Support staff can be adjusted relatively quickly, Fixed Costs such as building and computer leases and allocated central service charges do not.
- OAH Caseload dropped from 65,000 cases to 45,000 from 2014 to 2016 and from 66,000 toll violation cases in 2014 to a handful in 2016. While OAH FTEs declined from over 188 in September of 2013 to 151 in April 2016, fixed costs as the name implies, is less controllable.

When fixed costs are embedded in the Judge hourly rate, reduced staff hours can be managed by reducing staff, but leases and contracts continue on.

1ST RULE ABOUT HOLES



If you find yourself in a hole, stop digging.

(Will Rogers)

The Hole: When OAH switched to billing this month for last month's actual costs from the longstanding (pre-2013) practice of advanced billing (1 to 3 months ahead), OAH's dedicated fund lost over one month's of resources.

The Digging: When the assumed number of billable hours turned out to be less than was assumed to set the rate; the hole gets deeper as the rate/hour combination is insufficient to cover the fixed costs.

WORKING TOGETHER TO IMPROVE RESULTS

OAH works with agencies to improve the efficiency and results of each agency's unique hearing needs and business processes. For example:

- Merged multiple legacy case management systems into a single agency-wide system.
 - New system began moving agencies starting with the HCA caseload on June 1, 2014, with the addition of DSHS in 2015, and will be completed with the ESD caseload this June 2016.
- Developed a new system for optimizing the use of interpreters that identifies the lowest cost offering among contracted interpreters.
 - Provided a way for judges and schedulers to provide near real-time feedback on the quality of the interpreters.

WORKING TOGETHER TO IMPROVE RESULTS

OAH works with agencies to improve the efficiency and results of each agency's unique hearing needs and business processes. For example:

- Collaborated with the Department of Early Learning for OAH to do not just the initial appeal but also the final review work.
- Working with multiple agencies to eliminate the need for paper files being printed and/or transferred.
- We have partnered with ESD, DSHS Division of Child Support, DSHS Public Assistance, and Health Care Authority to improve our website to help appellants prepare for their hearings and avoid costly rescheduling and rework.

FACTORS AFFECTING FUTURE RATES

Rates will be adjusted to:

- Changes to the cost of delivering a judge and a support staff billable hour, including any COLA's, benefit changes and step increases.
- Decision package changes affecting fixed costs, such as increases in DES/WaTech charges, facilities changes etc.

FACTORS AFFECTING YOUR COSTS AND APPROPRIATION LEVELS

- Agency appropriations are affected by the accuracy of your projections of work to be sent to OAH.
 - Agencies are encouraged to *communicate* with OAH about how their caseload estimates and policy changes will affect the number and/or the complexity (duration) of appeals being sent to OAH.
- Agencies should work with OAH to streamline their processes to reduce support staff and judge time required to perform their appeals. Examples:
 - Electronic transfer of appeal information from your agency's systems into OAH's case management system.
 - Keeping already digitized (imaged) documents from becoming paper.

QUESTIONS?

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