Budget Activity & Performance Assessment

Industrial Insurance Appeals Board

July 9, 2010

Office of Financial Management
Performance Assessor:
Jeffrey Showman
Budget Assistant to the Governor
(360) 902-7536
jeffrey.showman@ofm.wa.gov

Budget Analyst:
Matthew Bridges
(360) 902-0575
matthew.bridges@ofm.wa.gov

Agency Contacts
Bob Liston
Chief, Administrative Services
(360)753-6823

Table of contents:

Executive Summary	Page 2
Specific Opportunities for Improvement	3
Agency Comments	4
Measure Qualitative Evaluation Summary	5
Budget History by Activity	6
Budget Activity and Measure Critique	7-9
Alignment Overview – Budget Activity Structure	10
Alignment Overview – Strategic Plan Structure	10

Documents reviewed for this Assessment:

Budget performance measures for agency 190

OFM Activity Inventory Performance Assessment, March 30, 2007

2009-11 Strategic Plan

Activity Inventories, various biennia

Washington State Quality Award (WSQA) Application, Sept. 14, 2007

World Wide Web site: http://www.biia.wa.gov/

Executive Summary

- Since the last Performance Assessment in 2007, the Board of Industrial Insurance Appeals (BIIA) has:
    - Streamlined the number of its activities from five to two (hearings and mediation)
    - Begun reporting some data quarterly rather than annually
    - Dropped one relatively duplicative performance measure
    - Added an outcome-oriented performance measure, and
    - Continued to improve performance by reducing the time to resolve appeals.
- The BIIA has a well-balanced "portfolio" of performance measures, with one measure of outputs (orders issued), two process measures (average weeks to resolve appeals and cost per order), and one outcome measure (percent of decisions that are not appealed to Superior Court).
- The Board is clearly committed to process and performance improvement. It tracks operational performance on a monthly basis, using a variety of performance metrics, and publishes detailed customer evaluations of individual hearing judges on its website.
- The Board currently uses the same four performance measures for both of its activities. It may want to consider reporting performance separately to help tell a story about the differences between traditional dispute resolution (formal hearings) and alternative dispute resolution (mediation).

Specific Opportunities for Improvement

Budget Activity	Measures	Improvement Suggestions
A002, Hearings	000413, Final orders issued per year	This measure includes every type of case disposition, including denied appeals, settlements, dismissals, denied petitions, and final decisions. The agency's strategic plan shows that there are different volumes among these phases. The agency may want to consider reporting certain types of orders separately.
A003, Mediation		All four performance measures are linked to both activities. Mediation performance measures are mentioned explicitly in the agency's strategic plan. The agency may want to consider reporting Mediation performance separately from Hearings to help tell a story about the difference between "traditional" and alternate dispute resolution.

Agency Comments and Reactions

The BIIA will review agency performance measures and determine if there is a clearer way to differentiate between our activities. For example, for Mediation we can report on performance measures related to time lines. One example is the time from assignment to a mediation judge to the time the cases is assigned to the hearing process with not resolved by agreement or dismissal. For Hearings, an example is time it takes for the judge issued a written decision following the submission of the record.

Activity – Measure Qualitative Evaluation Summary

Performance measure evaluation* → ▼ Budget Activity	Relevance	Understand-ability	Comparability	Timeliness	Reliability	Performance
A002, Hearings						
A003, Mediation						

***Evaluation Criteria Definitions**

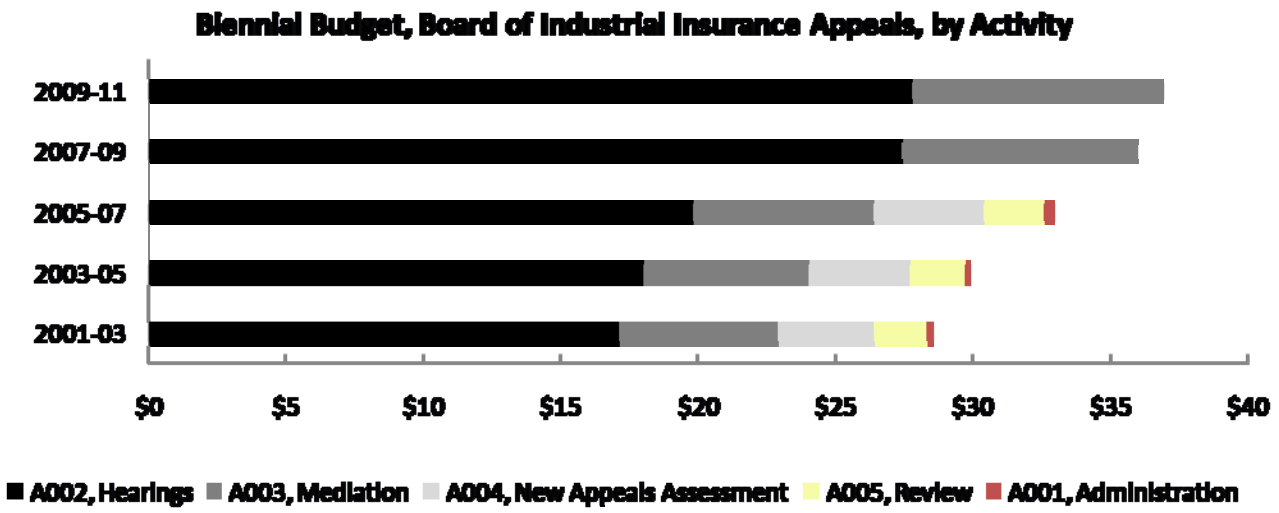
Relevance:	The performance measure is useful to a budget/policy development audience in assessing the level of accomplishment or results
Understandability:	Clear, concise, and easy for a non-expert to understand
Comparability:	Do data, targets, and footnotes provide context to tell whether performance is getting better, worse, or staying the same?
Timeliness:	Is the data current and reported frequently enough to be of value in assessing accountability and making decisions?
Reliability:	Is the information verifiable, free from bias, and a faithful representation of what it purports to represent?
Performance:	Is actual performance in reference to the stated targets getting better, worse, or staying the same over time?

Scoring key:	Meets or exceeds OFM expectations	Meets OFM expectations	Needs improvement to meet OFM expectations

Budget History by Activity

Biennial Budget by Activity for Industrial Appeals Board (millions of dollars) Note: In the 2007-09 biennium the Board consolidated five activities into two: Hearings and Mediation.

Activity:	2001-03	2003-05	2005-07	2007-09	2009-11
A002, Hearings	$17.1	$18.0	$19.8	$27.4	$27.8
A003, Mediation	$5.8	$6.0	$6.6	$8.6	$9.1
A004, New Appeals Assessment	$3.5	$3.7	$4.0		
A005, Review	$1.9	$2.0	$2.2		
A001, Administration	$0.3	$0.2	$0.3		
Total budget ($million) >	$28.3	$29.7	$32.6	$36.0	$36.9

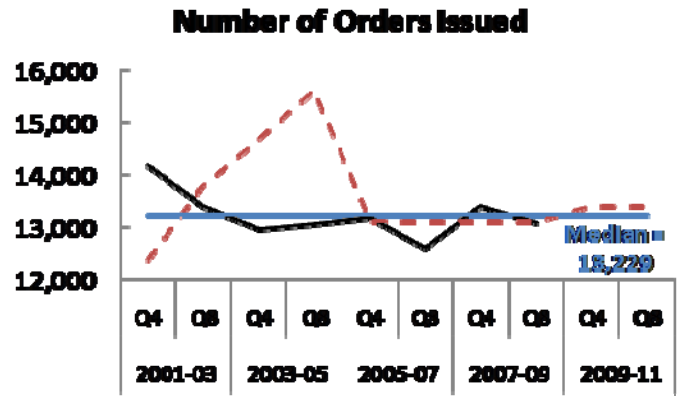


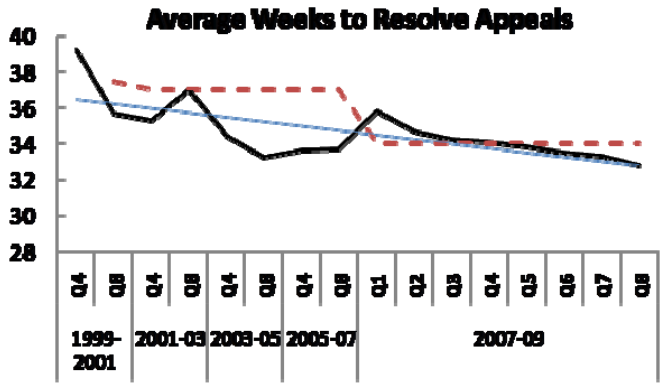
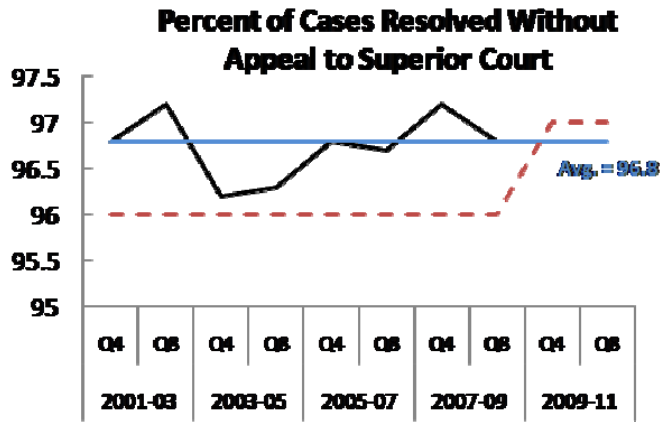
Source: Activity Inventories for Industrial Insurance Appeals Board: http://www.ofm.wa.gov/budget/manage/default.asp

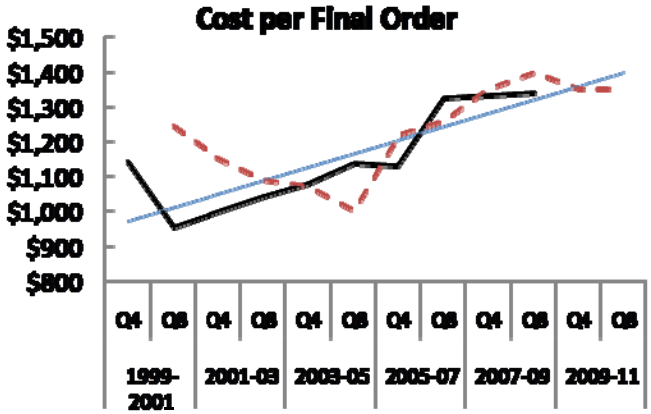
Budget Activity and Measure Critique

Budget Activity: A002 – Hearings: schedules and conducts formal hearings on appeals, and issues written decisions (orders). Expected result: Hearing judges have fewer than 10 unresolved cases within six months of assignment. 90 percent of the proposed decisions and orders are issued by 60 days after receipt of all documents after hearing. Review judges provide a memo with recommendations to board members within ten days of receipt of a petition for review, and for accepted petitions, provide draft orders to board members within 40 days.

Budget Activity: A003 – Mediation: assists parties in understanding the appeal process and reaching an agreed resolution.
Expected result: Hold the first mediation event within six and one-half weeks of assignment to the judge. Resolve appeals or send to hearing within 100 days of assignment to the judge. Issue orders on agreement of the parties within three business days.

Performance measures:	Type, analysis and comments	Performance chart
Final orders issued by the Board of Industrial Insurance Appeals - 000413	Performance is stable and meeting the target. The target is actually slightly above the median of 13,229 decisions (orders) a year.	

Average weeks to resolve industrial insurance appeals - 000182	Performance has been improving and exceeds the target of 34 weeks to resolve appeals.	
Percentage of cases successfully resolved without appeal to Superior Court - 000331	Performance is stable, with average and median performance of 96.8 percent of cases resolved without appeal to Superior Court	

Cost per final order - 000423	There is a trend of per-order costs increasing about $38 per year on average. This increase is less than 2% a year, and is lower than the comparable consumer price index growth.	

OFM Assessor Comments: Performance is stable for two performance measures (number of orders per year and percent of decisions not appealed to Superior Court), is improving for one measure (weeks to resolve appeals), and one measure is meeting its target (cost per final order). The agency might consider increasing reporting frequency to quarterly for number of orders issued, disaggregating the orders by type, and reporting performance separately for the two activities.

Agency comments: The agency has changed the target for AWC to 32.5 weeks to account for continued agency improvement. We will take a fresh look at other measures. The agency has previously reviewed quarterly reporting for number of orders issued and decided it was not useful.

Alignment Overview – Budget Activity Structure

Statewide Result	Strategy	Activities
Improve the economic vitality of businesses and individuals	Return unemployed, underemployed or injured workers to work	A002 Hearings
		A003 Mediation
Improve the safety of people and property	Make the workplace safe	A002 Hearings
		A003 Mediation

Alignment Overview – Strategic Plan Structure

Mission:

Strategic Goal	Strategy	Performance measure
Improve processes to meet the needs of our customers	Expand online filing of new appeals	Average weeks to complete an Industrial Insurance appeal
Foster a culture of excellent performance, accountability and professional development	Conduct a judicial survey	Judicial survey results
	Measure mediation performance	Mediation performance
Use information and technology to improve agency performance	Expand online filing of new appeals	
	Make information available to Spanish-speaking individuals	

Performance measure portfolio: Current OFM Budget performance measures classified by type

Process measures	Output measures	Outcome measures
Average weeks to resolve appeals Cost per final order	Orders issued per year	Cases resolved without appeal