Office of Financial Management
STATE OF WASHINGTON

Activity Inventory Performance Measure Assessment

Board of Industrial Insurance Appeals

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Based on a review of the following: A review of the agency strategic plan, web site, agency budget activities and measures, and an interview with agency leadership.

Current Strengths and Good Practices

- Data were readily available upon request.
- The agency uses data as a part of its internal management processes.
- Some of the activity measures reported to the Office of Financial Management are also reviewed during regular internal accountability reviews of strategic planning measures.
- There is a good logical "So that…" connection between the current process and output measures.

Comments About the Budget Activity Measures

- The measures reported in the Performance Measure Tracking system are process-level and output perspectives which give the reader an idea of how the agency is managing its processes, but do not tell much about whether the agency is accomplishing its overall purpose.

- As of the start of this assessment, the activity performance measures had no current or historical data. The only information entered into the PMT are targets for the 2007-09 biennium.

- Even though the agency strategic plan states performance measurements are reviewed on a monthly basis within the agency, the PMT reporting frequency is only once per year. In most instances, annual reporting is not timely, and tends to mask useful analysis patterns like trends and cycles.

Potential Improvements

1. Consider adding an outcome measure related to the purpose of the organization (i.e. Percentage of cases successfully resolved without appeal to Superior Court – Stated at between 94-96% in the strategic plan).

2. Improve timeliness by reporting data every quarter instead of annually, where appropriate, and develop a method to ensure data is entered in a consistent and timely fashion.

3. The targets for the timeliness measures are obsolete. Actual performance far exceeds targeted levels. Performance targets should take into account historical variation patterns (Stability, trends, etc.) and communicate to the reader what "good" performance will look like in the future.

4. Consider replacing/eliminating the WISHA timeliness measure if it is not a significant business activity.

Analysis of Current Budget Activity Data

- There is a stable and predictable decreasing (desirable) trend in the average number of weeks to resolve an industrial insurance appeal.
  - A trend of this nature is caused by specific improvements made to the overall system. However, unfavorable process-level changes like reduced funding or a change in Industrial Insurance laws could upset the trend.

- The other three activity measures, for the moment, appear to be stable around their median, neither improving or getting worse.

Agency Comments and Future Actions

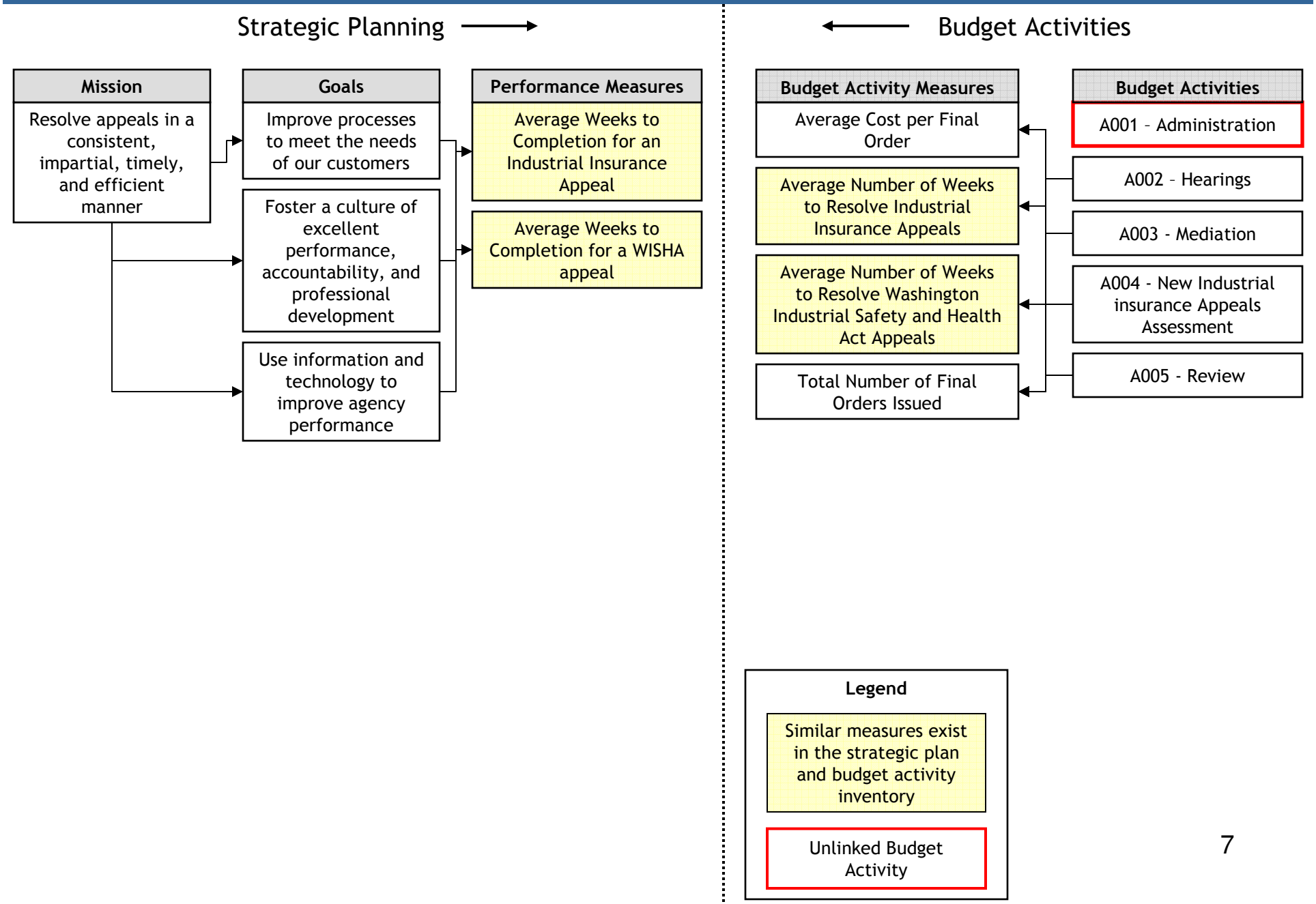
1. The BIIA will add an outcome measure which more clearly reflects the purpose of the agency.

2. The BIIA will report data every quarter instead of annually, where appropriate.

3. The targets for the timeliness measures will be updated to communicate to the reader what “good” performance will look like in the future.

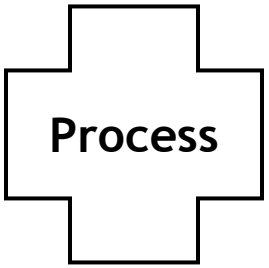
4. The BIIA will eliminate the WISHA timeliness measure.

BIIA and Budget Performance Measure Comparisons



BIIA Strategic Plan and Activity Measure Perspectives

(5) Process characteristics the customers/stakeholders want



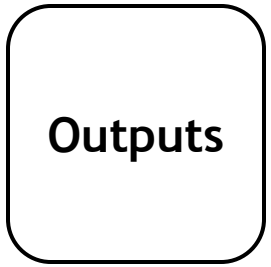
(6) Process characteristics the agency wants

Average Cost per Final Order (6)

Average Number of Weeks to Resolve Industrial Insurance Appeals (5)

Average Number of Weeks to Resolve Washington Industrial Safety and Health Act Appeals (5)

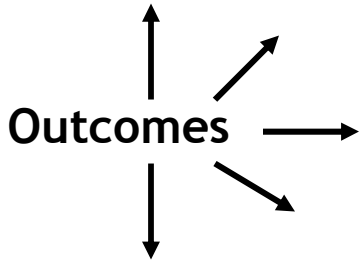
(3) Product/service attributes customers/stakeholders want



(4) Product/service attributes the agency wants

Total Number of Final Orders Issued (4)

(1) Customer/stakeholder desired outcomes



(2) Agency desired outcomes

Legend

Strategic Plan Measure

Budget Activity Measure

Strategic Plan and Budget Activity Measure

Activity Measure Assessment – Number of Final Orders

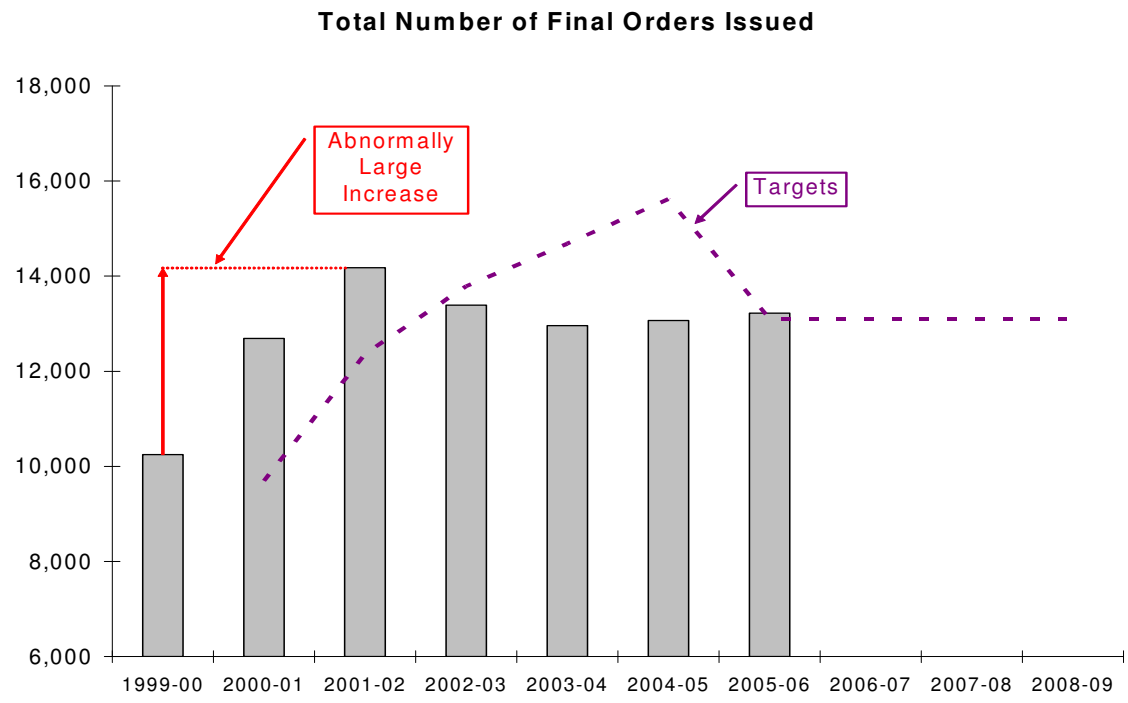
Performance Measure Description: Includes reassumed appeals, denied appeals, settlements, dismissals, petitions denied, and Board decisions and orders

Budget Activity Links: A001, A002, A003, A004, A005

Category of Measure: Output

Analysis of Variation: The number of final orders appears to have stabilized near 13,000 after an abnormally large increase from around 10,000 in 1999-00.

Analysis of Targeted vs. Actual Performance: The current target matches the recent actual performance levels.*



Comments About Desirable Characteristics

Relevance: This is a volume of work measure that the agency does not control. However, increasing volumes do have budget implications.

Understandability: The meaning of the term "Final Order" may not be clear to all readers.

Comparability: Unknown – However, the agency is currently looking for comparable measures as a part of its WSQA assessment.

Timeliness: Annual data is never timely. This data is available on a quarterly basis.

Reliability: While agency control is low, this measure does track changes to the overall system quite well.

Cost Effectiveness: This data does not appear to be used at the agency level.

General Comments & Explanations:

* Targets on this type of measure are really estimates of future volume. The agency's internal processes and management have little to do with this number.

Agency Comment:

The abnormally large increase from 1999-00 to 2001-02 was due mostly to the Department of Labor and Industries efforts to reduce time loss duration resulting in increased appeals.

Activity Measure Assessment – Final Order Efficiency

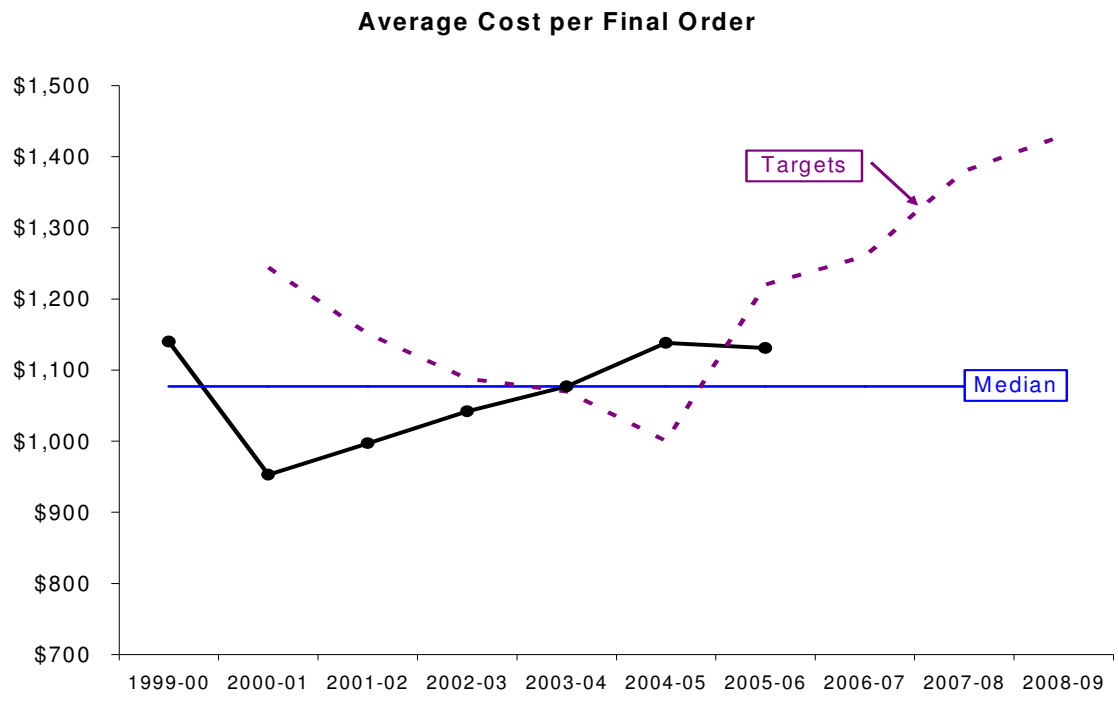
Performance Measure Description: Includes all costs divided by the number of final orders.

Budget Activity Links: A001, A002, A003, A004, A005

Category of Measure: A process-level measure of efficiency

Analysis of Variation: Even though the cost per final order has been increasing lately, there is not enough evidence yet to call it a trend. For now, the process is stable and predictable around the median.

Analysis of Targeted vs. Actual Performance: The current targets do not reflect the semi-stable nature of the process. The increasing targets do not reflect desirable performance.*



Comments About Desirable Characteristics

Relevance: The basis for BIIA intervention is that it will cost the state, employer, and claimant less money in the long term.

Timeliness: Annual data is never timely. This data is collected only once per year to allow all expenditures to close.

Understandability: The meaning of the term "Final Order" may not be clear to all readers.

Reliability: The primary cost element is labor. While the agency can control its processes, increases in labor costs are largely outside the control of the agency.

Comparability: Unknown

Cost Effectiveness: There is a considerable amount of figuring and calculation needed to arrive at this data.

General Comments & Explanations:

* The current targets are really estimates of future cost increases. The agency is predicting large increases due to the cost of labor. This possibility needs to be addressed in management and budget settings.

While the costs may by increasing, the cost of going to court are as much as tenfold higher for both the state, employer, and employee.

Activity Measure Assessment – Industrial Insurance Appeal Timeliness

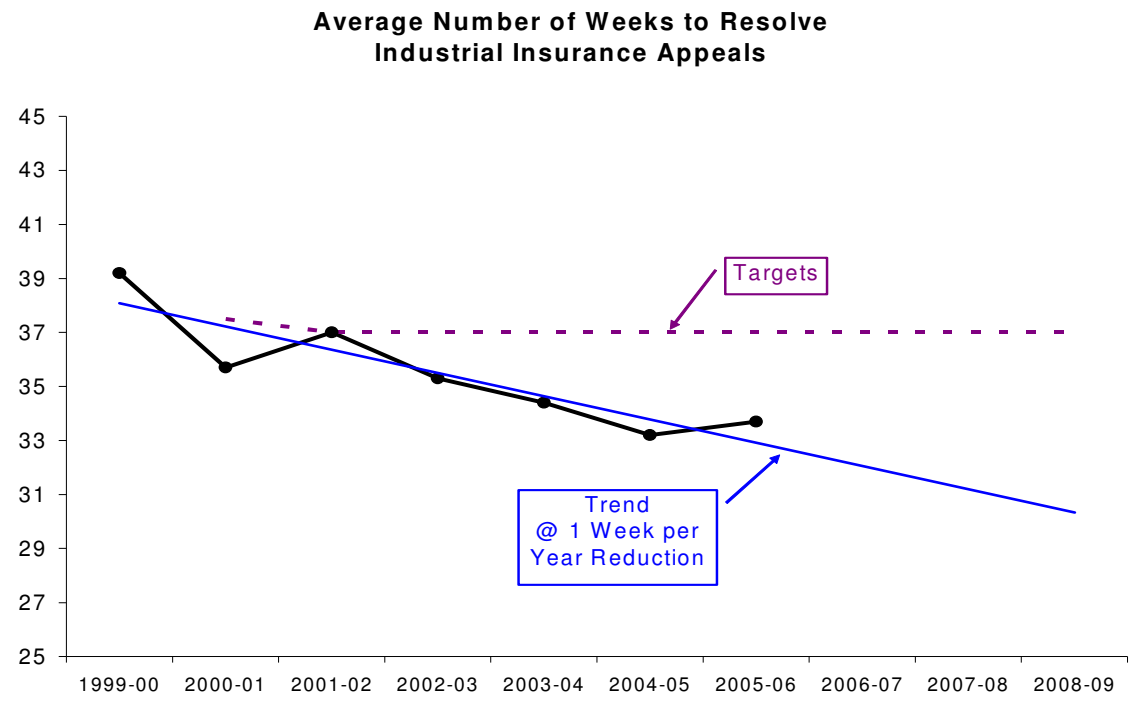
Performance Measure Description: Timeliness of the BIIA process

Budget Activity Links: A001, A002, A003, A004, A005

Category of Measure: A process-level measure of cycle time

Analysis of Variation: There is evidence of a stable decreasing (desirable) trend. If nothing changes, the time to process these appeals should continue to decrease at a rate of almost 1 week per year.

Analysis of Targeted vs. Actual Performance: The current performance far exceeds the targets, and the decreasing trend has made the current targets obsolete.*



Comments About Desirable Characteristics

Relevance: Accounts for up to 90% of the current workload.

Timeliness: Annual data is never timely. This data is available on a quarterly basis.

Understandability: The meaning of the term "Industrial Insurance" may not be clear to all readers.

Reliability: While there are many factors that contribute to the overall cycle time, the agency can manage the primary causes.

Comparability: Unknown

Cost Effectiveness: Data collection methods are not expensive, and the measure is also mentioned in the agency strategic plan.

General Comments & Explanations:

* Targets need to be reevaluated to take the decreasing trend into account.

Agency Comments:

- We have made a vigorous effort to mediate differences between the parties. An agreed upon result is typically quicker than a contested hearing and reduces expenses to the parties.
- We have used quality processes to make incremental improvements in many areas. We have increased accuracy of forms and reduced keystrokes for staff through the integration of our case management system and MS Word.

Activity Measure Assessment – WISHA Appeal Timeliness

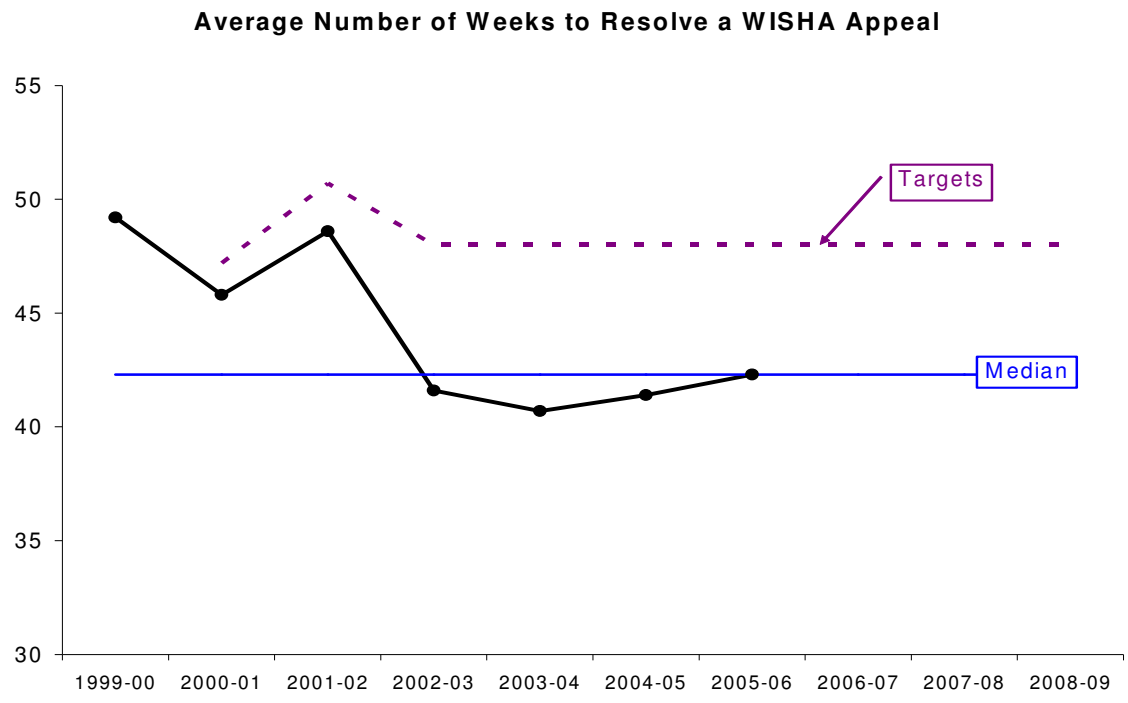
Performance Measure Description: WISHA = Washington Industrial Safety and Health Act

Budget Activity Links: A001, A002, A003, A004, A005

Category of Measure: A process-level measure of efficiency

Analysis of Variation: Recent performance seems to have stabilized after some dramatic but not abnormally large decreases dating back to 2001-02.

Analysis of Targeted vs. Actual Performance: Actual performance has far exceeded targeted performance.



Comments About Desirable Characteristics

Relevance: Based on interviews with agency representatives, this measure is somewhat obsolete. WISHA appeals now account for less than 3% of the workload.*

Understandability: Even spelling out what WISHA stands for does not help most readers distinguish between the different types of appeals.

Comparability: Unknown

Timeliness: Annual data is never timely. This data is available on a quarterly basis.

Reliability: While there are many factors that contribute to the overall cycle time, the agency can manage the primary causes.

Cost Effectiveness: Data collection methods are not expensive, and the measure is also mentioned in the agency strategic plan.

General Comments & Explanations:

The targets should be reevaluated since they are now obsolete.

* The agency and OFM should consider eliminating/replacing this measure if it does not significantly contribute to the story of agency performance.