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TO: Erin Keane, First Deputy Comptroller, Department of Finance (DOF)

FROM: Lise Valentine, Deputy Inspector General for Audit & Program Review, Office of Inspector General (OIG)

DATE: March 20, 2015

RE: Claims Analysis Project
Summary of OIG work to date and considerations for DOF

Background

In October 2014, OIG contacted DOF to determine if the City conducted routine trend analysis of claims against the City (including small claims, settlements, and judgments) in order to actively manage risks.[1] DOF stated that some limited-scope analyses had been done in the past but there is no comprehensive program in place. OIG proposed to conduct a pilot analysis, contingent on data availability, to demonstrate the potential value of more comprehensive analysis.

DOF and OIG met several times with Department of Law (DOL) regarding data needed to conduct a pilot analysis. DOF and OIG concluded that claims data needed for a comprehensive analysis resides in at least three separate databases:

- TeamConnect (DOL's case management system)
- CorVel (i.e., the database maintained by CorVel, DOL's third party claims administrator)
- City Council Committee on Finance (unknown database)

OIG obtained access to the TeamConnect application and Business Objects universe. We ran some preliminary reports but concluded that they did not provide sufficiently complete or accurate information to conduct a pilot analysis at this time. We met with DOF on March 5, 2015 and determined that DOF was better positioned to complete a pilot analysis more quickly than OIG because it has easier access to the knowledge and data required. DOF estimated that it could complete a pilot analysis by June 2015. OIG agreed to assist in any way possible by, for example, providing the summary of data needs and challenges it has identified, below.

[1] In this memo the word "claim" means any claim, settlement, or judgment against the City.

OIG Summary of Pilot Analysis Data Needs and Challenges

A useful pilot analysis will require: 1) selection of an appropriate dataset; and 2) a complete and accurate dataset.

1) An appropriate dataset

   OIG had intended to select a discrete claim type with a sufficiently large volume of claims not dominated by one or two unique cases (or those cases could be identified and excluded). We had considered motor vehicle damage claims or similar property damage (e.g., pothole damage claims).

2) Complete and accurate data

   Complete

   - The dataset must include **all claims of the type selected for analysis** (e.g., all motor vehicle damage claims).

     Potential Challenge: An analysis of pothole damage claims would require access to and merging of data across TeamConnect, CorVel, and the Committee on Finance database.

   - The dataset must include **all fields required for analysis, and those fields must not be null**.

     Baseline required fields include:

     a. incident date
     b. incident location (precise enough to be translated into GIS)
     c. incident type
     d. department responsible
     e. total payment (including multiple payees or multiple payments)
     f. several years of data

     Potential Challenge: There may be data entry anomalies. For example, an initial examination of TeamConnect revealed incomplete and inconsistent incident location, and potentially inconsistent incident type ("allegation" and "category").

   Accurate

   All of the above data fields must have sufficiently accurate data from which to draw reliable conclusions. To the extent that data is not entered for the purpose of comprehensive claims analysis, it may not be entered consistently enough to be reliable.

Other Considerations

1) It appears that the City does not currently have a process to detect if someone files a claim with both DOL and the Committee on Finance, thus the City may be exposed to duplicate claims.
2) It appears that there is no easy way to electronically match claim data from TeamConnect or CorVel (Committee on Finance data is unknown) to payment data (FMPS). Therefore, there is no way to comprehensively match actual final payments in FMPS to the claims data. This is especially relevant for certain judgments for which the final interest amounts are calculated by DOF, so the amounts listed in TeamConnect do not reflect total final payments.
3) It appears that there is no easy way to track total payments (past and future) on claims for which there are multiple payees or multiple payments over time.
4) The three data sources that we are aware of (TeamConnect, CorVel, Committee on Finance) were designed to meet the needs of their users, not to facilitate entity-wide claims experience and analysis. The new RMIS system may be able to merge data from these systems, but the City may also want to consider whether modifications to the source systems are needed in order to ensure that it has complete and accurate claims data for effective ongoing monitoring.
5) We do not know how the Committee on Finance database is organized, but we know that, unlike DOL, Committee on Finance permits claimants to use their claim awards to settle existing debt with the City. Therefore, it would be important to ensure that the data analysis of Committee on Finance data captures the full amount of the claim even if the claim amount is paid back to the City rather than the claimant.