Detailed Lean Improvement Project Report
For the June 1, 2014, through December 31, 2014, reporting period

L&I Increases Recoveries by $1.36 Million

Summary
The Department of Labor & Industries struggled for three years to hit its $6 million-a-year target for collecting overpayments made to workers' compensation customers. To fix the problem, the overpayment recovery team used Lean tools to improve its business processes. Recoveries climbed 28 percent in the first year, from $4.8 million to $6.2 million.

Narrative
Washington's businesses and workers expect L&I to keep workers' compensation premiums affordable. Business owners have said the agency needs to run efficiently and reduce system inefficiencies before resorting to premium increases.

L&I runs several programs aimed at controlling workers' compensation costs. This includes the overpayment recovery program, which specializes in auditing overpayments made to customers. To increase recoveries, the team used Lean tools to study and improve its processes. By creating uniform work standards and focusing on larger overpayments the team increased recoveries by 28 percent ($1.36 million) the first year.

Outcomes achieved
- Increased overpayment recoveries help to reduce the pressure to increase workers' compensation premiums, which benefits employers and workers.
- L&I's overpayment recovery team is achieving better results, and morale is higher.
- The department has gained valuable experience it will use to improve other cost-control programs.

Next steps
- L&I's overpayment recovery team continues to find efficiencies to achieve better results. Its goal is to maintain recoveries at $6 million a year.

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For the June 1, 2014, through December 31, 2014, reporting period

L&I Reduces Labor Costs by $303,672 a Year

Summary

- For years, Labor & Industries has maintained an expensive process of distributing paper copies of phone records throughout its 24 offices so that supervisors could audit employees' use of long-distance phone services. A team used Lean problem-solving to study and streamline the process, saving an estimated $150,000 a year in staff time, in addition to considerable paper and copying costs.

Narrative

- Two employees in L&I's Information Services Division questioned the process of distributing paper phone bills to hundreds of managers and supervisors throughout L&I. The process was labor intensive, time consuming and repeated monthly.

- The team studied the process using Lean tools and discovered ways to simplify it. They found there was no legal or audit requirement to print, distribute and retain paper copies of the phone records. Instead, they developed an electronic filing system to maintain the records. Managers and supervisors can still review the files monthly to ensure long-distance calls are appropriate.

- The streamlined process reduced the costs of separating and distributing 5,000 pages of paper each month. Staff time saved by stopping this activity was estimated at 614 hours a month, or 7,368 hours a year. In addition, physical filing and storage space needs were eliminated, saving eight file drawers a year. Staff time that was being wasted was freed up for higher-value work.

Outcomes achieved

- Reduced record review and retention costs by $303,672 a year.
- Freed up 7,368 hours of administrative and supervisor time a year.
- Stopped wasting employees' time distributing, reviewing and re-collecting reports.
- The team gained valuable experience using Lean problem-solving.

Next steps

Based on the success of this project, L&I's Information Services Division will continue to find other efficiencies using Lean methods.