

# RISK MANAGEMENT

## Description

Risk Management is a division within the Department of Human Resources that provides protection from accidental losses arising out of the County's General Government and Public Schools operations. The Division is responsible for the management of the self-insurance reserve, administration of workers' compensation, auto, property and liability claims, loss prevention, safety training, and environmental management. Protection is provided through a combination of self-insurance, purchased insurance, and risk transfer mechanisms. Administrative support is provided to the Executive Safety Committee and the Accident Review Board. The safety staff provides training and guidance to all County agencies and Henrico County Public Schools to ensure compliance with state and federal regulations. The environmental coordinator provides administration for the County's environmental program, including the communication of policy, program implementation, and employee awareness training.

- To provide comprehensive insurance coverage for the General Government and Schools at the lowest possible cost when considering the various risks involved.

## Budget Highlights

The FY2015-16 budget is reflected within the Internal Service Fund series as Risk Management and provides services to all areas of General Government and Education, across all funds. Risk Management will continue to administer all applicable programs and services to all County agencies.

The Risk Management budget for FY2015-16 totals \$9,147,952 and is funded with a transfer of \$8,397,952 from the County's General Fund and a projected transfer of \$750,000 from the Department of Public Utilities' Water & Sewer Enterprise and Solid Waste Funds. This budget represents an increase of \$107,095 or 1.2 percent from the FY2014-15 approved budget. Personnel expenditures, which comprise 10.2 percent of the budget, are a driver of the overall increase. This increase is partially due to the addition of one position that was transferred from Human Resources during FY2014-15, which was reassigned as a Senior Claims Adjuster in order to cover the workload in this area.

## Objectives

- To protect the County against losses which could significantly impact its personnel, property, or financial stability in providing services to the general public.

## Annual Fiscal Plan

Description	FY14 Actual	FY15 Original	FY16 Approved	Change 15 to 16
Personnel	\$ 866,592	\$ 821,711	\$ 928,806	13.0%
Operation <sup>(1)</sup>	12,840,910	8,213,546	8,213,546	0.0%
Capital	4,071	5,600	5,600	0.0%
<b>Total</b>	<b>\$ 13,711,573</b>	<b>\$ 9,040,857</b>	<b>\$ 9,147,952</b>	<b>1.2%</b>
 Personnel Complement <sup>(2)</sup>	 10	 10	 11	 1

<sup>(1)</sup>\$9,282,438 of FY2013-14 actual expenditures was funded through a routine budget amendment utilizing funding available in the Self-Insurance Reserve.

<sup>(2)</sup>One position was transferred from Human Resources to Risk Management during FY2014-15.

*Risk Management (cont'd)*

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	<b>Performace Measures</b>			<b>Change</b>
	<b><u>FY14</u></b>	<b><u>FY15</u></b>	<b><u>FY16</u></b>	<b><u>15 to 16</u></b>
<b>Workload Measures</b>				
Workers' Compensation Claims Processed	1,126	950	950	0
Auto. Gen. Liability, Other Claims Processed	592	550	550	0
Property Damage and Loss Claims Processed	954	1,000	1,000	0

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In addition, the budget reflects the partial year impact of the 2.0 percent raise and rising health care expenditures. The operating and capital components remained constant from the previous fiscal year.

In FY2015-16, the budget for the Self-Insurance Administration function of Risk Management totals \$1,156,049. Within the Self-Insurance Administration area, eleven employees provide services including claims administration, loss prevention, loss control, safety training, coordination of the Environmental Management Program as well as administration of the Self-Insurance Reserve for General Government and Schools. During FY2015-16, the risk assessment of programs and activities in an effort to recognize, reduce, and control risk exposures will continue to be emphasized. In addition, the development and implementation of the Environmental Management Program will continue, including communication of the County's environmental policy, general employee awareness training, establishing objectives through the Environmental Management System (EMS) process, and implementing standard environmental operating procedures to ensure compliance with regulations. Further, healthcare administration will continue to focus on wellness initiatives and cost containment measures to control County healthcare claims costs to minimize premium increases for plan members.

In FY2015-16, the budget for Claims totals \$6,935,156, reflecting no increase from the prior year approved budget. Funding for a portion of the division's costs is typically provided in the December amendment via a transfer from the Self-Insurance Reserve within the General Fund.

The Division promotes a culture of safe work practice through the review and development of safety programs, emergency action plans, safety training for employees, and analyses of trends in the number and type of claims. Rising medical costs contribute to the increase in the cost of workers' compensation claims. Efforts to control the costs include close monitoring of the claim, negotiated discounts with providers, reduction of bills through a preferred provider network or to the prevailing community rate, and a prescription drug program.

Also included in the FY2015-16 budget is \$1,056,747 for insurance policies/premiums. These funds are for expenditures associated with purchased commercial insurance for both property liability and workers' compensation. It should be noted that the County's costs in this area are also augmented by the Self-Insurance Reserve, which on June 30, 2014 had a balance of \$7.5 million.