

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 FY2016-17 budget is reflected within the Internal Service Fund series as Risk Management 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 FY2016-17 totals \$9,143,421 and is funded with a transfer of \$8,393,421 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 a net decrease of \$4,531 from the FY2015-16 approved budget. This reduction is driven solely by the personnel component, which reflects the impact of turnover as well as a reduction in the contributions to the VRS system. Partially offsetting these reductions, this budget reflects a 2.372 percent salary increase for employees as well as increased healthcare costs.

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	FY15 Actual	FY16 Original	FY17 Approved	Change 16 to 17
Personnel	\$ 902,281	\$ 928,806	\$ 924,275	(0.5%)
Operation ⁽¹⁾	12,343,908	8,213,546	8,213,546	0.0%
Capital	858	5,600	5,600	0.0%
Total	\$ 13,247,047	\$ 9,147,952	\$ 9,143,421	(0.0%)
 Personnel Complement	 11	 11	 11	 0

⁽¹⁾\$4,000,000 of FY2014-15 actual expenditures was funded through a routine budget amendment utilizing funding available in the Self-Insurance Reserve.

Risk Management (cont'd)

	Performance Measures			
	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>Change 16 to 17</u>
Workload Measures				
Workers' Compensation Claims Processed	1,120	950	950	0
Auto. Gen. Liability, Other Claims Processed	719	550	550	0
Property Damage and Loss Claims Processed	959	1,000	1,000	0

The operating and capital components remained constant from the previous fiscal year.

In FY2016-17, the budget for the Self-Insurance Administration function of Risk Management totals \$1,131,227. 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 FY2016-17, 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.

In FY2016-17, the budget for Claims totals \$6,935,156, which remained constant from the

previous fiscal year. 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 FY2016-17 budget is \$1,056,747 for insurance policies/premiums. These funds are for costs 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 supplemented by the Self-Insurance Reserve, which on June 30, 2015 had a balance of \$7.5 million.