

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.

Objectives

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

- 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.

Annual Fiscal Plan

Description	FY15 Actual	FY16 Original	FY17 Proposed	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	<u>\$ 13,247,047</u>	<u>\$ 9,147,952</u>	<u>\$ 9,143,421</u>	<u>(0.0%)</u>
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				
	FY15	FY16	FY17	Change 16 to 17
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.



**Department Operating Budget
Henrico County, Virginia
FY2016-17
RISK MANAGEMENT**

Account Description		Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50100	Full-Time Salaries and Wages - Regular	638,185	685,963	717,922	31,959	4.7%
50101	Full-Time Salaries and Wages - Overtime	17,618	500	500	0	0.0%
50104	Temporary Salaries and Wages - Regular	11,164	0	0	0	0.0%
50107	27th Pay Adjustment	0	0	-31,685	-31,685	-100.0%
50108	Hybrid Disability Prgm (Prev Wage Adj)	652	0	0	0	0.0%
50110	FICA	47,767	52,514	54,959	2,445	4.7%
50111	Retirement VRS	94,644	103,992	93,402	-10,590	-10.2%
50112	Hospital/Medical Plans	84,751	76,714	79,629	2,915	3.8%
50113	Group Insurance - Life (VRS)	7,500	9,123	9,548	425	4.7%
50209	Other Professional Services	119,548	160,000	160,000	0	0.0%
50210	Maintenance and Repairs	0	250	250	0	0.0%
50220	Lease/Rent Of Equipment	2,604	2,661	2,661	0	0.0%
50230	Temporary Help Service Fees	1,347	10,000	10,000	0	0.0%
50240	Printing and Binding	944	1,900	1,900	0	0.0%
50250	Advertising	0	600	600	0	0.0%
50270	Other Contractual Services	1,379	2,000	2,000	0	0.0%
50310	Automotive/Motor Pool	7,530	7,500	7,500	0	0.0%
50410	Postal Services	1,573	2,000	2,000	0	0.0%
50411	Messenger Services	0	150	150	0	0.0%
50412	Telecommunications	6,425	5,650	5,650	0	0.0%
50420	Insurance	1,258,239	896,447	896,447	0	0.0%
50421	Insurance - Workers' Compensation	592,053	160,300	160,300	0	0.0%
50430	Mileage	86	500	500	0	0.0%
50431	Education and Training	39	0	0	0	0.0%
50450	Dues And Association Memberships	1,635	4,000	4,000	0	0.0%
50451	Claims And Contingencies - County	10,341,482	6,935,156	6,935,156	0	0.0%

Account Description		Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50453	Freight Charges	0	150	150	0	0.0%
50459	Other Charges Miscellaneous	1,712	10,882	10,882	0	0.0%
50500	Office Supplies	3,524	4,500	4,500	0	0.0%
50501	Food Supplies and Food Service Supplies	0	500	500	0	0.0%
50506	Repair and Maintenance Supplies	70	100	100	0	0.0%
50511	Uniforms/Wearing Apparel/ITEMS	0	200	200	0	0.0%
50512	Books and Subscriptions	972	3,100	3,100	0	0.0%
50513	Educational and Recreational Supplies	2,746	5,000	5,000	0	0.0%
50813	Telecommunications Equipment-New Less Than \$5000	240	0	0	0	0.0%
50832	Furniture and Fixtures-Replacement Less Than \$5000	518	5,600	5,600	0	0.0%
50833	Telecommunications Equipment- Replacement Less Than \$5000	100	0	0	0	0.0%
Total Department		13,247,047	9,147,952	9,143,421	-4,531	-0.0%