

# 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 that 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 FY2018-19 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 FY2018-19 totals \$9,715,327 and is funded with a transfer of \$8,965,327 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 increase of \$572,848 from the previous approved budget. This increase is driven by the personnel and operating components. The personnel component reflects revised salary estimates and a salary increase for FY2018-19 as well as rising health care costs.

Part of a multi-year funding effort to reduce the midyear budget amendments, \$500,000 has been

## Annual Fiscal Plan

<b>Description</b>	<b>FY17 Actual</b>	<b>FY18 Original</b>	<b>FY19 Proposed</b>	<b>Change 18 to 19</b>
Personnel	\$ 815,223	\$ 923,333	\$ 994,691	7.7%
Operation <sup>(1)</sup>	19,117,775	8,213,546	8,715,036	6.1%
Capital	600	5,600	5,600	0.0%
<b>Total</b>	<b>\$ 19,933,598</b>	<b>\$ 9,142,479</b>	<b>\$ 9,715,327</b>	<b>6.3%</b>
 Personnel Complement	 11	 11	 11	 0

<sup>(1)</sup>\$7,500,000 of FY2016-17 actual expenditures was funded through budget amendments utilizing funding available in the Self-Insurance Reserve.

Risk Management (cont'd)

<b>Performance Measures</b>				
	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>Change 18 to 19</b>
<b>Workload Measures</b>				
Workers' Compensation Claims Processed	1,279	1,300	1,250	(50)
Auto. Gen. Liability, Other Claims Processed	1,354	1,250	1,300	50
Property Damage and Loss Claims Processed	267	180	200	20

added to the FY2018-19 operating component. The capital component of the budget remained flat from the previous fiscal year.

In FY2018-19, the budget for the Self-Insurance Administration function of Risk Management totals \$1,249,928. 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 FY2018-19, 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 FY2018-19, the budget for Claims totals \$7,030,706. 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. It is important to note that the budget amendment in December 2017 totaled \$5,800,000, which was based on an average

of actual expenditures for Risk Management over last three fiscal years.

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 FY2018-19 budget is \$1,434,693 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, 2017 had a balance of \$7,500,000.

Beginning in FY2018-19, the County will pay for an annual subscription to SafeSchools. SafeSchools is a cloud based online safety training program tailored towards school systems that will be used by all school employees. Risk Management wants to help ensure compliance with OSHA regulations and reduce workers' compensation claims and costs. SafeSchools will help accomplish these goals.



**Department Operating Budget  
Henrico County, Virginia  
FY2018-19  
RISK MANAGEMENT**

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50100 Full-Time Salaries and Wages - Regular	573,320	687,578	685,038	-2,540	-0.4%
50101 Full-Time Salaries and Wages - Overtime	58	500	500	0	0.0%
50104 Temporary Salaries and Wages - Regular	51,975	0	60,000	60,000	100.0%
50108 Hybrid Disability Prgm (Prev Wage Adj)	1,710	0	2,640	2,640	100.0%
50110 FICA	45,425	52,638	57,034	4,396	8.4%
50111 Retirement VRS	67,972	89,454	91,042	1,588	1.8%
50112 Hospital/Medical Plans	68,154	84,018	89,463	5,445	6.5%
50113 Group Insurance - Life (VRS)	6,609	9,145	8,974	-171	-1.9%
50207 Professional Education Services	0	0	25,000	25,000	100.0%
50209 Other Professional Services	91,895	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	3,260	599	22.5%
50230 Temporary Help Service Fees	0	10,000	10,000	0	0.0%
50240 Printing and Binding	173	1,900	1,900	0	0.0%
50250 Advertising	0	600	600	0	0.0%
50270 Other Contractual Services	1,625	2,000	2,000	0	0.0%
50310 Automotive/Motor Pool	11,876	7,500	12,000	4,500	60.0%
50410 Postal Services	596	2,000	2,000	0	0.0%
50411 Messenger Services	0	150	150	0	0.0%
50412 Telecommunications	6,050	5,650	5,650	0	0.0%
50420 Insurance	1,045,211	896,447	1,070,195	173,748	19.4%
50421 Insurance - Workers' Compensation	613,174	160,300	364,498	204,198	127.4%
50430 Mileage	38	500	500	0	0.0%
50431 Education and Training	0	0	3,720	3,720	100.0%
50450 Dues And Association Memberships	975	4,000	1,000	-3,000	-75.0%
50451 Claims And Contingencies - County	17,328,579	6,935,156	7,030,706	95,550	1.4%

<b>Account Description</b>	<b>Prior Year Actual</b>	<b>Approved Budget</b>	<b>Proposed Budget</b>	<b>Dollar Inc/Dec</b>	<b>Percent Inc/Dec</b>
50453 Freight Charges	0	150	150	0	0.0%
50459 Other Charges Miscellaneous	1,205	10,882	10,882	0	0.0%
50500 Office Supplies	4,181	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	0	100	100	0	0.0%
50511 Uniforms/Wearing Apparel/ITEMS	250	200	250	50	25.0%
50512 Books and Subscriptions	787	3,100	3,100	0	0.0%
50513 Educational and Recreational Supplies	8,481	5,000	2,000	-3,000	-60.0%
50514 Other Operating Supplies	75	0	125	125	100.0%
50832 Furniture and Fixtures-Replacement Less Than \$5000	400	5,600	5,600	0	0.0%
50833 Telecommunications Equipment-Replacement Less Than \$5000	200	0	0	0	0.0%
<b>Total Department</b>	<b>19,933,598</b>	<b>9,142,479</b>	<b>9,715,327</b>	<b>572,848</b>	<b>6.3%</b>