

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 program, and the environmental program. Protection is provided through a combination of self-insurance, purchased insurance, and risk transfer mechanisms. Administrative support is provided to 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 FY2019-20 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.

FISCAL YEAR 2020 SUMMARY

Annual Fiscal Plan

Description	FY18 Actual	FY19 Original	FY20 Proposed	Change 19 to 20
Personnel	\$ 896,631	\$ 994,691	\$ 1,012,663	1.8%
Operation *	13,581,193	8,715,036	9,715,036	11.5%
Capital	100	5,600	5,600	0.0%
Total	<u>\$ 14,477,924</u>	<u>\$ 9,715,327</u>	<u>\$ 10,733,299</u>	<u>10.5%</u>
Personnel Complement	11	11	11	0

*\$5,800,000 of FY2017-18 actual expenditures was funded through a routine budget amendment utilizing funding available in the Self-Insurance Reserve.

Risk Management

PERFORMANCE MEASURES

	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>Change 19 to 20</u>
Workload Measures				
Workers' Compensation Claims Processed	1,314	1,404	1,300	(104)
Auto. Gen. Liability, Other Claims Processed	1,495	1,356	1,325	(31)
Property Damage and Loss Claims Processed	252	257	250	(7)

BUDGET HIGHLIGHTS (CONTINUED)

The Risk Management budget for FY2019-20 totals \$10,733,299 and is funded with a transfer of \$9,983,299 from the County's General Fund and projected revenue of \$750,000 from the Department of Public Utilities' Water & Sewer Enterprise and Solid Waste Funds. This budget reflects an overall increase of \$1,017,972 or 10.5 percent from the previous approved budget. The personnel component was adjusted by \$17,972 to reflect the salary increase for FY2019-20 as well as rising health care costs. As a result of a multi-year funding effort to reduce mid-year budget amendments, \$1,000,000 was added to the operating component to cover rising expenditures associated with claims and contingencies, workers' compensation, and insurance. The capital component of the budget remained flat from the previous fiscal year.

In FY2019-20, the budget for the Self-Insurance Administration function of Risk Management totals \$1,267,900. Within the Self-Insurance Administration area, eleven employees provide services including claims administration, loss prevention, loss control, managing the safety program, managing the environmental program as well as administration of the Self-Insurance Reserve for General Government and Schools. During FY2019-20, 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 & Sustainability Management System (ESMS) process, and implementing standard environmental operating procedures to ensure compliance with regulations.

In FY2019-20, the budget for Claims totals \$7,460,899. 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 for FY2018-19 totaled \$5,190,500, which was based on an average of actual expenditures for Risk Management over the 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 FY2019-20 budget is \$2,004,500 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, 2018 had a balance of \$7,500,000.

Risk Management

Beginning in FY2018-19, the County pays 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 helps accomplish these goals.



**Department Operating Budget
Henrico County, Virginia
FY2019-20
RISK MANAGEMENT**

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50100 Full-Time Salaries and Wages - Regular	609,922	685,038	692,560	7,522	1.1%
50101 Full-Time Salaries and Wages - Overtime	0	500	500	0	0.0%
50104 Temporary Salaries and Wages - Regular	69,179	60,000	60,000	0	0.0%
50108 Hybrid Disability Prgm (Prev Wage Adj)	2,190	2,640	2,771	131	5.0%
50110 FICA	49,118	57,034	57,609	575	1.0%
50111 Retirement VRS	79,127	91,042	92,041	999	1.1%
50112 Hospital/Medical Plans	79,095	89,463	98,109	8,646	9.7%
50113 Group Insurance - Life (VRS)	8,000	8,974	9,073	99	1.1%
50207 Professional Education Services	9,000	25,000	25,000	0	0.0%
50209 Other Professional Services	158,222	160,000	160,000	0	0.0%
50210 Maintenance and Repairs	0	250	250	0	0.0%
50220 Lease/Rent Of Equipment	2,604	3,260	3,260	0	0.0%
50230 Temporary Help Service Fees	0	10,000	10,000	0	0.0%
50240 Printing and Binding	214	1,900	1,900	0	0.0%
50250 Advertising	70	600	600	0	0.0%
50270 Other Contractual Services	1,568	2,000	2,000	0	0.0%
50310 Automotive/Motor Pool	12,420	12,000	12,000	0	0.0%
50410 Postal Services	699	2,000	2,000	0	0.0%
50411 Messenger Services	0	150	150	0	0.0%
50412 Telecommunications	6,564	5,650	5,650	0	0.0%
50420 Insurance	1,314,995	1,070,195	1,345,000	274,805	25.7%
50421 Insurance - Workers' Compensation	649,690	364,498	659,500	295,002	80.9%
50430 Mileage	0	500	500	0	0.0%
50431 Education and Training	490	3,720	3,720	0	0.0%
50450 Dues And Association Memberships	505	1,000	1,000	0	0.0%
50451 Claims And Contingencies - County	11,412,293	7,030,706	7,460,899	430,193	6.1%

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	7,397	10,882	10,882	0	0.0%
50500 Office Supplies	3,357	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	460	250	250	0	0.0%
50512 Books and Subscriptions	10	3,100	3,100	0	0.0%
50513 Educational and Recreational Supplies	503	2,000	2,000	0	0.0%
50514 Other Operating Supplies	132	125	125	0	0.0%
50813 Telecommunications Equipment-New Less Than \$5000	100	0	0	0	0.0%
50832 Furniture and Fixtures-Replacement Less Than \$5000	0	5,600	5,600	0	0.0%
Total Department	14,477,924	9,715,327	10,733,299	1,017,972	10.5%