

Fund 60000: County Insurance

Mission

To ensure the health and safety of County residents, employees, and public officials, and to protect the County's financial assets. The agency is committed to providing the highest quality customer service in managing the County's risks and exposures.

Connection to the Countywide Strategic Plan

The Fairfax County Board of Supervisors adopted the first-ever Countywide Strategic Plan on October 5, 2021. The Countywide Strategic Plan serves as a road map to help guide future work, focusing on the 10 Community Outcome Areas that represent the issues of greatest importance to the community. In February of 2023, the first Annual Report on the work of the strategic plan was released to the public. The report contains point-in-time progress highlights for each of the proposed plan strategies, plus a sample data dashboard and data story that is being replicated across all of the outcome areas, and a number of additional initiatives to embed the elements of the plan within department-level work. The report also includes a Year Two Implementation Model, which focuses on identifying the specific strategies that will move forward to implementation under the guidance of the Board of Supervisors. For more information on the Countywide Strategic Plan, please visit www.fairfaxcounty.gov/strategicplan. Fund 60000, County Insurance primarily supports the following Community Outcome Areas:



Community Outcome Area	Vision Statement
Effective and Efficient Government	<i>All people trust that their government responsibly manages resources, is responsible to their needs, provides exceptional services and equitably represents them.</i>
Safety and Security	<i>All people feel safe at home, school, work and in the community.</i>

Focus

Fairfax County has a statutory responsibility to provide Workers' Compensation benefits, including medical treatment and loss of wages due to related disability, to employees who sustain occupational injuries and illnesses. Fund 60000, County Insurance, was established to fulfill this obligation. The fund also provides for countywide commercial insurance and for self-insurance. The County self-insures automobile and general liability claims. Special commercial coverage is provided for aviation insurance on County helicopters, real property coverage, and Fire and Rescue Department vehicle damage insurance. Administrative expenses of risk management programs are paid through this fund.

Fairfax County provides a wide range of services to its employees and residents, which in turn create potential risks and exposures to the County. Some of these risks include injuries involving County employees or damage to County property; injuries to residents or damage to residents' property; automobile accidents; incidents arising from police activity; the actions of public officials; and the operation and maintenance of sewage and storm management systems.

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The Risk Management Division of the Department of Finance approaches its mission from both internal and external perspectives. Recognizing that an organization the size of Fairfax County will experience losses, Risk Management staff work to mitigate losses and manage financial liabilities. This is accomplished through both self-insurance (which generally applies to losses expected to occur regularly, such as Workers' Compensation, automobile and general liability, and police professional and public officials' liability) and commercial insurance (for losses which occur infrequently but tend to be large exposures, such as real property losses, aircraft liability, and damage to high-value vehicles). Recognizing the importance of prompt and fair resolution of claims against the County, claims administration uses both in-house staff and a contract claims administrator. Risk Management is committed to the prevention of injuries in the workplace and focuses on programs that address countywide injury prevention and reduction through training and awareness campaigns. Finally, Risk Management staff focuses on building and using partnerships with other County agencies, the community, and neighboring jurisdictions to mitigate risks and to ensure excellent communication with the residents of Fairfax County.

Budget and Staff Resources

Category	FY 2022 Actual	FY 2023 Adopted	FY 2023 Revised	FY 2024 Advertised	FY 2024 Adopted
FUNDING					
Expenditures:					
Personnel Services	\$1,232,658	\$1,852,375	\$1,852,375	\$1,914,714	\$1,976,976
Operating Expenses	34,403,480	33,371,100	43,822,314	33,478,764	33,478,764
Subtotal	\$35,636,138	\$35,223,475	\$45,674,689	\$35,393,478	\$35,455,740
Less:					
Recovered Costs	(\$1,271,142)	(\$210,000)	(\$210,000)	(\$210,000)	(\$210,000)
Total Expenditures	\$34,364,996	\$35,013,475	\$45,464,689	\$35,183,478	\$35,245,740
AUTHORIZED POSITIONS/FULL-TIME EQUIVALENT (FTE)					
Regular	13 / 13	13 / 13	13 / 13	13 / 13	13 / 13

FY 2024 Funding Adjustments

The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 9, 2023.

Employee Compensation **\$124,601**
 An increase of \$124,601 in Personnel Services includes \$98,462 for a 5.44 percent market rate adjustment (MRA) for all employees and \$23,323 for performance-based and longevity increases for non-uniformed merit employees, both effective July 2023. The remaining increase of \$2,816 is included to support employee retention and recruitment efforts that will align the County's pay structures with the market based on benchmark data.

General Insurance Costs **\$107,664**
 A net increase of \$107,664 in Operating Expenses is primarily due to increased costs for Workers' Compensation based on prior year experience and commercial insurance based on changes in the overall market.

General Fund Transfer

The FY 2024 budget for Fund 60000, County Insurance, requires a General Fund Transfer of \$24,520,278, an increase of \$121,785 over the FY 2023 Adopted Budget Plan to support employee compensation increases.

Changes to FY 2023 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.

Carryover Adjustments

\$10,451,214

As part of the *FY 2022 Carryover Review*, the Board of Supervisors approved funding of \$10,451,214, including \$277,585 to fund outside counsel for ongoing litigation and \$10,173,629 for expenditures related to tax litigation refunds as a result of the Virginia Supreme Court ruling on the Business, Professional, and Occupational License (BPOL) tax.

Third Quarter Adjustments

As part of the *FY 2023 Third Quarter Review*, the Board of Supervisors approved a General Fund Transfer In of \$9,424,000 for accrued liability adjustments.

Position Detail

The FY 2024 Adopted Budget Plan includes the following positions:

COUNTY INSURANCE - 13 Positions			
1	Risk Manager	1	Loss Prevention Analyst II
1	Claims Specialist IV	1	Management Analyst II
1	Loss Prevention Analyst IV	1	Loss Prevention Analyst I
1	Claims Specialist III	1	Claims Specialist I
2	Loss Prevention Analysts III	1	Administrative Assistant V
1	Claims Specialist II	1	Administrative Assistant IV

Performance Measurement Results by Community Outcome Area

Effective and Efficient Government

Workers' Compensation costs are the single greatest challenge to the County Insurance Fund. A key factor in containing costs and expediting the return to work of injured employees is prompt and adequate medical evaluation. Awareness of the County's programs in this area, coupled with efficient reporting systems, serves both employee and County interests. The Risk Management Division continues to work with County agencies on the importance of prompt reporting. The reporting time changed from average four days to average five days from FY 2021 to FY 2022. In FY 2022, the program processed 98 percent of all claims within 30 business days from the date of incident.

Safety and Security

Driver safety and accident prevention programs remain a priority to the County. The rate of preventable accidents has decreased from the FY 2022 estimate of 350 to an actual of 291 which is a 16.9 percent reduction based on the overall number of auto accidents reported. In addition to a decrease in overall number of accidents, the overall rate of preventable accidents between FY 2021 and FY 2022 also decreased by 12.4 percent, resulting in an overall decrease in preventable accidents from 1.21 to 1.06 per 100,000 miles driven in spite of an increase of 9.0 percent in miles driven. An analysis of these accidents indicates that there has been an overall decrease in losses resulting from collisions with other vehicles and fewer losses as a result of single vehicle incidents, such as collisions with fixed objects, and fewer accidents as a result of backing into vehicles or objects.

The commercial insurance portfolio is a key element in protecting the assets of the County against losses in a major event. It ensures that the County is not faced with major property, Workers' Compensation, and liability losses during periods when it cannot afford the costs associated with losses. While the actual premiums tend to increase, County staff successfully continues to obtain low rates for those premiums. The ratio of premium paid to value of assets covered was 0.143 percent in FY 2022.

Community Outcome Area	FY 2020 Actual	FY 2021 Actual	FY 2022 Estimate	FY 2022 Actual	FY 2023 Estimate	FY 2024 Estimate
Effective and Efficient Government						
Financial Sustainability and Trustworthiness						
Ratio of premium paid to value of assets covered	0.120%	0.099%	0.142%	0.143%	0.157%	0.161%
Customer Satisfaction with County Services						
Percentage of claims processed within 30 days	100%	98%	98%	98%	98%	98%
Safety and Security						
Safety-Related Prevention and Preparedness						
Preventable accidents per 100,000 miles driven	1.11	1.21	1.21	1.06	1.09	0.97

A complete list of performance measures can be viewed at <https://www.fairfaxcounty.gov/budget/fy-2024-adopted-performance-measures-pm>

Fund 60000: County Insurance

FUND STATEMENT

Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
Beginning Balance	\$104,129,898	\$86,854,556	\$105,980,270	\$85,599,074	\$95,023,074
Revenue:					
Interest	\$87,919	\$50,000	\$50,000	\$50,000	\$50,000
Workers' Compensation	524,623	525,000	525,000	525,000	525,000
Other Insurance	217,865	110,000	110,000	110,000	110,000
Total Revenue	\$830,407	\$685,000	\$685,000	\$685,000	\$685,000
Transfers In:					
General Fund (10001)	\$25,960,961	\$24,398,493	\$33,822,493	\$24,458,016	\$24,520,278
Total Transfers In	\$25,960,961	\$24,398,493	\$33,822,493	\$24,458,016	\$24,520,278
Total Available	\$130,921,266	\$111,938,049	\$140,487,763	\$110,742,090	\$120,228,352
Expenditures:					
Administration	\$1,486,960	\$2,188,475	\$2,188,475	\$2,274,478	\$2,336,740
Workers' Compensation	15,737,976	20,520,000	20,520,000	20,545,000	20,545,000
Self-Insurance Losses	2,257,195	5,702,500	5,702,500	5,702,500	5,702,500
Litigation Expenses	222,415	0	10,451,214	0	0
Commercial Insurance Premium	5,156,080	6,277,500	6,277,500	6,336,500	6,336,500
Automated External Defibrillator	80,370	325,000	325,000	325,000	325,000
Total Expenditures	\$24,940,996	\$35,013,475	\$45,464,689	\$35,183,478	\$35,245,740
Expense for Net Change in Accrued Liability ¹	\$9,424,000	\$0	\$0	\$0	\$0
Total Disbursements	\$34,364,996	\$35,013,475	\$45,464,689	\$35,183,478	\$35,245,740
Ending Balance²	\$105,980,270	\$76,924,574	\$95,023,074	\$75,558,612	\$84,982,612
Restricted Reserves:					
Accrued Liability ¹	\$79,420,000	\$69,996,000	\$79,420,000	\$69,996,000	\$79,420,000
Litigation Reserve	13,758,346	1,990,761	3,307,132	3,307,132	3,307,132
Reserve for Catastrophic Occurrences	12,801,924	4,937,813	12,295,942	2,255,480	2,255,480

¹ FY 2022 actuals reflect an accrued liability adjustment of \$9,424,000 based on an annual independent actuarial valuation. This adjustment results in a corresponding adjustment to the FY 2022 Total Disbursements, total Accrued Liability Reserve, and Reserve for Catastrophic Occurrences, but it does not affect the cash balance or the Ending Balance, which is calculated using Total Available less Total Expenditures, not disbursements. The Annual Comprehensive Financial Report reflects all audit adjustments in FY 2022. Details of the audit adjustments were included in Attachment VI of the FY 2023 Third Quarter Review.

² Fluctuations in the Ending Balance are primarily the result of variations in litigation expenses.