

## INTERNAL SERVICES FUND

### Organizational Excellence

Provide the highest possible level of services by maintaining a fiscally sound organization that values a high performing, professional, and innovative workforce.



### BUDGET SUMMARY

	FY2018 Actual	FY2019 Adopted	FY2019 Amended	FY2020 Recomm	FY2020 Adopted	\$ Chg	% Chg
<b>EXPENSE</b>							
Risk Retention-Liab/Prop/WC	2,319,460	3,291,641	3,292,086	3,302,411	3,302,411	10,770	0.3%
Health Care & Wellness	39,980,734	42,560,138	47,628,095	47,096,065	47,096,065	4,535,927	10.7%
<b>Internal Services</b>	<b>42,300,194</b>	<b>45,851,779</b>	<b>50,920,181</b>	<b>50,398,476</b>	<b>50,398,476</b>	<b>4,546,697</b>	<b>9.9%</b>
<b>EXPENSE</b>							
Personnel Services	182,845	200,532	200,532	266,399	266,399	65,867	32.8%
Supplies & Materials	3,075	2,737	2,793	2,737	2,737	0	0.0%
Other Services & Charges	42,114,273	45,648,510	50,716,856	50,129,340	50,129,340	4,480,830	9.8%
<b>Total Expense</b>	<b>42,300,194</b>	<b>45,851,779</b>	<b>50,920,181</b>	<b>50,398,476</b>	<b>50,398,476</b>	<b>4,546,697</b>	<b>9.9%</b>
<b>REVENUE</b>							
Charges for Services	42,378,456	43,345,574	43,345,574	42,307,047	42,307,047	(1,038,527)	(2.4%)
Other Revenues	49,783	40,000	40,000	40,000	40,000	0	0.0%
<b>Total Revenue</b>	<b>42,428,239</b>	<b>43,385,574</b>	<b>43,385,574</b>	<b>42,347,047</b>	<b>42,347,047</b>	<b>(1,038,527)</b>	<b>(2.4%)</b>
<b>Operating Gain/(Loss)</b>	128,045	(2,466,205)	(7,534,607)	(8,051,429)	(8,051,429)	(5,585,224)	226.5%
<b>Interest Income</b>	400,575	140,000	140,000	350,000	350,000	210,000	150.0%
<b>Change</b>	528,620	(2,326,205)	(7,394,607)	(7,701,429)	(7,701,429)	(5,375,224)	231.1%
<b>Beginning Net Position</b>	28,907,177	29,435,797	29,435,797	22,041,190	22,041,190	(7,394,607)	(25.1%)
<b>Ending Net Position</b>	29,435,797	27,109,592	22,041,190	14,339,761	14,339,761	(12,769,831)	(47.1%)
<b>Positions</b>	2.50	2.50	2.50	3.50	3.50	1.00	40.0%

### DEPARTMENTAL PURPOSE

The Internal Services Fund accounts for Risk Management services provided to other departments of the County on a cost reimbursement basis. The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County protects itself from potential loss using a combination of risk financing methods, which are accounted for in the Internal Service Fund. The County's insurance programs consist of liability, property, workers' compensation, and employee healthcare insurance. All operating funds of the County participate in the risk management program and make payments to the program based on the insured departments' exposure factors. Payments are for prior and current year claims and to establish adequate reserves for catastrophic losses.

The Internal Services Fund also accounts for the employee healthcare program. The County administers the plan through a self-funded program, supplemented by employee contributions, to pay claims administration and medical claims of the employees and their covered dependents. Specific stop-loss insurance for all occurrences is purchased to limit the County's losses for the overall program. The County provides a basic and an enhanced dental plan for employees, retirees, and covered dependents, supplemented by employee contributions, which are also accounted for in the self-funded program.

Effective January 1, 2014 Guilford County made significant changes to the healthcare program. Medicare-eligible retirees were transitioned from the self-funded health insurance plan to a fully insured Medicare Advantage plan, resulting in a significant reduction in per-retiree costs. Also one of two previously available healthcare plan options was eliminated. The remaining plan is available to employees, non-Medicare eligible retirees generally hired before July 1, 2009, covered dependents and eligible former employees.

# HEALTHCARE

Carol Campbell, Benefits Manager

201 South Greene St., Greensboro, NC 27402 (336) 641-3324

## Organizational Excellence

Provide the highest possible level of services by maintaining a fiscally sound organization that values a high performing, professional, and innovative workforce.



## Healthy People

Strengthen coordination of care through partnerships which ensure the availability of quality social, physical, psychological and behavioral health services.



## BUDGET SUMMARY

	FY2018 Actual	FY2019 Adopted	FY2019 Amended	FY2020 Recomm	FY2020 Adopted	\$ Chg	% Chg
<b>EXPENSE</b>							
Wellness Administration	0	0	0	54,897	54,897	54,897	0.0%
Medical - Choice HMO	28,725,160	29,322,397	34,267,703	33,702,805	33,702,805	4,380,408	14.9%
Medical - Retirees	5,911,198	7,597,516	7,420,900	7,698,138	7,698,138	100,622	1.3%
Dental - Retirees	807,040	754,631	870,525	754,631	754,631	0	0.0%
Medicare Supplement	1,584	2,000	2,416	2,000	2,000	0	0.0%
Medicare Advantage Plan	2,557,563	2,954,420	2,954,420	2,954,420	2,954,420	0	0.0%
Dental Basic	562,521	550,542	588,336	550,542	550,542	0	0.0%
Dental Enhanced	1,415,667	1,378,632	1,523,795	1,378,632	1,378,632	0	0.0%
<b>Health Care &amp; Wellness</b>	<b>39,980,734</b>	<b>42,560,138</b>	<b>47,628,095</b>	<b>47,096,065</b>	<b>47,096,065</b>	<b>4,535,927</b>	<b>10.7%</b>
<b>EXPENSE</b>							
Personnel Services	0	0	0	54,897	54,897	54,897	0.0%
Other Services & Charges	39,980,734	42,560,138	47,628,095	47,041,168	47,041,168	4,481,030	10.5%
<b>Total Expense</b>	<b>39,980,734</b>	<b>42,560,138</b>	<b>47,628,095</b>	<b>47,096,065</b>	<b>47,096,065</b>	<b>4,535,927</b>	<b>10.7%</b>
<b>REVENUE</b>							
Charges for Services	39,569,164	40,985,138	40,985,138	39,834,458	39,834,458	(1,150,680)	(2.8%)
Miscellaneous Revenues	0	0	0	0	0	0	0.0%
<b>Total Revenue</b>	<b>39,569,164</b>	<b>40,985,138</b>	<b>40,985,138</b>	<b>39,834,458</b>	<b>39,834,458</b>	<b>(1,150,680)</b>	<b>(2.8%)</b>
<b>Operating Gain/(Loss)</b>	<b>(411,570)</b>	<b>(1,575,000)</b>	<b>(6,642,957)</b>	<b>(7,261,607)</b>	<b>(7,261,607)</b>	<b>(5,686,607)</b>	<b>361.1%</b>
<b>Interest Income</b>	<b>209,992</b>	<b>75,000</b>	<b>75,000</b>	<b>100,000</b>	<b>100,000</b>	<b>25,000</b>	<b>33.3%</b>
<b>Change</b>	<b>(201,578)</b>	<b>(1,500,000)</b>	<b>(6,567,957)</b>	<b>(7,161,607)</b>	<b>(7,161,607)</b>	<b>(5,661,607)</b>	<b>377.4%</b>
<b>Beginning Net Position</b>	<b>17,738,704</b>	<b>17,537,126</b>	<b>17,537,126</b>	<b>10,969,169</b>	<b>10,969,169</b>	<b>(6,567,957)</b>	<b>(37.5%)</b>
<b>Ending Net Position</b>	<b>17,537,126</b>	<b>16,037,126</b>	<b>10,969,169</b>	<b>3,807,562</b>	<b>3,807,562</b>	<b>(12,229,564)</b>	<b>(76.3%)</b>
<b>Positions</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.0%</b>

## **DEPARTMENTAL PURPOSE**

To communicate, manage and provide oversight for the self-funded health and dental plans for active and retired employees and their eligible dependents. Being self-funded means that the County, through a paid administrator, pays claims costs instead of premiums for health coverage up to a certain amount, at which point stop loss insurance picks up the excess. This is considered best practice for larger groups that can absorb a bit more risk in return for lower overall costs. Because of some regulatory changes that made self-funding less desirable for Medicare-eligible retirees, the County chose to be fully insured for that group and those premiums are paid through the Healthcare fund as well.

## **FY 2020 GOALS & OBJECTIVES**

- Review annual enrollment and other processes to identify opportunities for improvement including reducing paperwork through switching to online enrollments.
- Continue wellness initiatives through Employee Wellness Committee.
- Develop wellness program through dedicated Wellness Specialist position.

## **FY 2020 ADOPTED BUDGET HIGHLIGHTS**

- The FY 2020 budget increased by \$4.54 million or 10.7% from the FY 2019 Adopted budget primarily to reflect increases in healthcare claims. Fund balance will be used to offset this increase for FY 2020 with additional review of revenues and claims to determine the best option(s) to address costs moving forward.
- A new HR Specialist position has been added to develop a Wellness program for the county. This program is intended to improve employee health and, ideally, reduce healthcare costs. The cost of this position will be offset by wellness incentive funds received from United Healthcare, the county's health insurance administrator.

## **FY 2019 SIGNIFICANT ACCOMPLISHMENTS**

- Organized wellness activities including the 2<sup>nd</sup> Annual "May the Fit" wellness walk at Bur-Mil Park.
- Provided total compensation statements to employees.

## **FUTURE OPPORTUNITIES & CHALLENGES**

- Costs continue to rise, particularly in the area of prescription drugs.
- Continually monitor regulatory and legislative changes that affect health coverage.

# RISK MANAGEMENT

Yvonne Moebs, Risk Manager

301 West Market St., Greensboro, NC 27401 (336) 641-4766

## Organizational Excellence

Provide the highest possible level of services by maintaining a fiscally sound organization that values a high performing, professional, and innovative workforce.



## BUDGET SUMMARY

	FY2018 Actual	FY2019 Adopted	FY2019 Amended	FY2020 Recomm	FY2020 Adopted	\$ Chg	% Chg
<b>EXPENSE</b>							
Risk Retention Administration	196,103	217,634	217,702	228,404	228,404	10,770	4.9%
Liability Insurance	226,526	539,007	382,113	439,007	439,007	(100,000)	(18.6%)
Property and Other Ins	424,611	542,000	769,271	642,000	642,000	100,000	18.5%
Workers Compensation Ins	1,472,220	1,993,000	1,923,000	1,993,000	1,993,000	0	0.0%
<b>Risk Retention-Liab/Prop/WC</b>	<b>2,319,460</b>	<b>3,291,641</b>	<b>3,292,086</b>	<b>3,302,411</b>	<b>3,302,411</b>	<b>10,770</b>	<b>0.3%</b>
<b>EXPENSE</b>							
Personnel Services	182,845	200,532	200,532	211,502	211,502	10,970	5.5%
Supplies & Materials	3,075	2,737	2,793	2,737	2,737	0	0.0%
Other Services & Charges	2,133,540	3,088,372	3,088,761	3,088,172	3,088,172	(200)	(0.0%)
<b>Total Expense</b>	<b>2,319,460</b>	<b>3,291,641</b>	<b>3,292,086</b>	<b>3,302,411</b>	<b>3,302,411</b>	<b>10,770</b>	<b>0.3%</b>
<b>REVENUE</b>							
Charges for Services	2,809,293	2,360,436	2,360,436	2,472,589	2,472,589	112,153	4.8%
Miscellaneous Revenues	49,783	40,000	40,000	40,000	40,000	0	0.0%
<b>Total Revenue</b>	<b>2,859,076</b>	<b>2,400,436</b>	<b>2,400,436</b>	<b>2,512,589</b>	<b>2,512,589</b>	<b>112,153</b>	<b>4.7%</b>
<b>Operating Gain/(Loss)</b>	539,616	(891,205)	(891,650)	(789,822)	(789,822)	101,383	(11.4%)
<b>Interest Income</b>	190,583	65,000	65,000	250,000	250,000	185,000	284.6%
<b>Change</b>	730,199	(826,205)	(826,650)	(539,822)	(539,822)	286,383	(34.7%)
<b>Beginning Net Position</b>	17,008,506	17,738,705	17,738,705	16,912,055	16,912,055	(826,650)	(4.7%)
<b>Ending Net Position</b>	17,738,705	16,912,500	16,912,055	16,372,233	16,372,233	(540,267)	(3.2%)
<b>Positions</b>	2.50	2.50	2.50	2.50	2.50	0.00	0.0%

## DEPARTMENTAL PURPOSE

Risk Management identifies, quantifies, and manages the risks that ensures safety of all Guilford County assets, including personnel, buildings, automobiles and equipment. This is done through effective loss prevention, loss control and claims management. Risk Management staff works proactively to keep county facilities as safe as possible for the public, promoting a safe workplace for county employees minimizing the total cost of risk to Guilford County. Risk Management is also responsible for workers' compensation, property and liability Insurance.

## **FY 2020 GOALS & OBJECTIVES**

- Safety Manual: Finalize Guilford County Safety Manual: The purpose of manual is to provide employees direction of safety procedures and to develop a high standard of safety throughout all operations of Guilford County.
- It is Risk Management's belief that each employee has the right to derive personal satisfaction from his/her job and the prevention of occupational injury or illness is of such consequence to this belief that it will be given top priority always.

## **FY 2020 ADOPTED BUDGET HIGHLIGHTS**

- The Risk Management budget increased by \$10,770 or 0.3% due primarily to increases in personnel expenses related to routine county-wide personnel adjustments.
- The budget includes a shift of \$100,000 from Liability to Property & Other Insurance to address increased costs from auto accidents and associated repairs. This expense has increased more quickly than anticipated in FY 2019 and is expected to remain higher in FY 2020 compared to prior years.

## **FY 2019 SIGNIFICANT ACCOMPLISHMENTS**

- Continued reduction in outstanding Workers Compensation paid claims from \$1,436,534.97 at fiscal year-end 2018 to \$717,064.10 year to date 2019. This is primarily attributable to continued strong claims management, implementing safety training educational programs, and safety audits on a quarterly basis to reduce liability exposures to county employees and visiting citizens.
- Collection of \$49,374.18 in subrogation money from no-fault auto accidents.
- Continue County Wide Workplace Safety proactive approach through continued OSHA required Safety Audits/Inspections, enhancement to Safety Training Programs are an important component of a departments overall occupational safety and health program; they are used to help identify and abate existing or potential hazards and compliance concerns.
- Implementation of three Safety Committees to help protect the county by providing useful information. Help protect the employee and citizens by being proactive and reactive to safety concerns.
- Updated all county occupied building with current emergency evacuation maps.
- Development and Implementation of the County Emergency Action Plan.
- Enhanced Safety Training Programs to departments based on needs and prior loss history and to meet OSHA compliance.

## KEY PERFORMANCE MEASURES

	FY18 Actual	FY19 Estimated	FY20 Projected	FY21 Projected	Target
Cost of Risk Management as a percentage of General Fund expenditures	0.40%	0.40%	0.40%	0.40%	< 2%
Total Workers' Compensation Lost Time Claims	13	15	14	14	n/a
Total Workers' Compensation Medical Only Claims	109	133	121	121	n/a
Workers' Compensation Total Paid Estimated	\$551,621	\$157,431	\$150,000	\$150,000	n/a

## FUTURE OPPORTUNITIES & CHALLENGES

- Closely monitor the cause and effect of workers' compensation claims and developing resolutions to any hazard, which may have contributed to such incidents.
- Participate in continued education opportunities to enable the Risk Management Department to stay abreast of new regulations, trends, and resources that will aide in the reduction of county liabilities.
- Implementation of countywide safety manual to provide written procedures and OSHA required guidelines to compliment the overall Risk Management program.
- Continued close monitoring of vendor/contractor/tenant insurance requirements to shift liability exposure away from the county.
- Continue to mitigate and manage claims by utilizing legal opinions from internal and external sources.