

# Department of Procurement and Risk Management Program Summary

## Appropriation Summary

	FY 2002-03 Actual	FY 2003-04 Amended	FY 2004-05 Adjusted	FY 2004-05 Proposed	% Change
Expenditures	\$ 9,404,526	3,798,406	5,626,193	5,661,392	49.05%
FTE	8	10	10	9	(10.00%)

## Department Mission

The Department of Procurement and Risk Management's mission is to facilitate the reduction of high risk, high costs and high frequency claims; through effective risk management strategies, promote safety and wellness, systems and structure; promote and enhance relationships between the City of Portsmouth and its vendors; and for Portsmouth citizens and employees, provide all services necessary to maintain a high quality of life.

## Department Budget in Brief

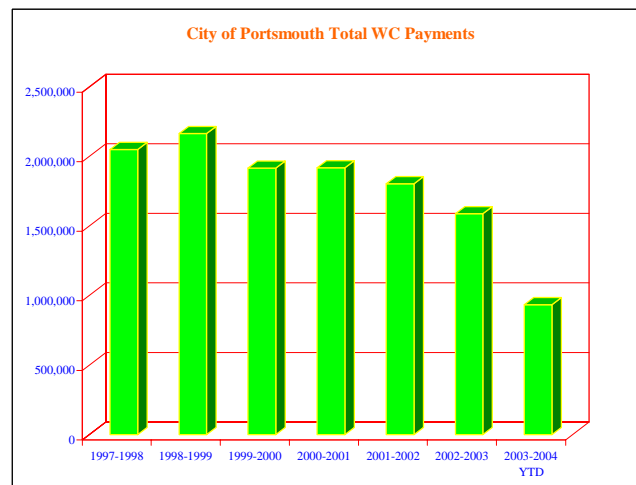
The upcoming year's budget focuses on the department's restructuring and the Risk Management Division reorganization. One full time staff position has been eliminated and is reflected in this budget. Department initiatives include a more aggressive and dedicated program for returning injured employees to work, a more efficient OSHA compliance and record keeping management process, aggressive pursuit and collection of reinsurance claims, and annual safety and wellness program implementation. Other changes to the budget incorporate reductions in office equipment and supplies, third party administrator costs, a necessary increase in infectious disease preventative measures, and an increase in the City's actuarially calculated unfunded liability.

## Department Operational Summary

The Department of Procurement and Risk Management provides administrative services to City departments in the following areas Procurement – to ensure the purchase of high quality goods and services at a reasonable cost within the state and local government framework; Risk Management – to identify, analyze, evaluate and reduce the probability of injuries, property damage or risk exposure to the City of Portsmouth and Portsmouth Public Schools, and Records Management – to coordinate the distribution and delivery of mail and to manage the City's record retention program.

## Departmental Trends

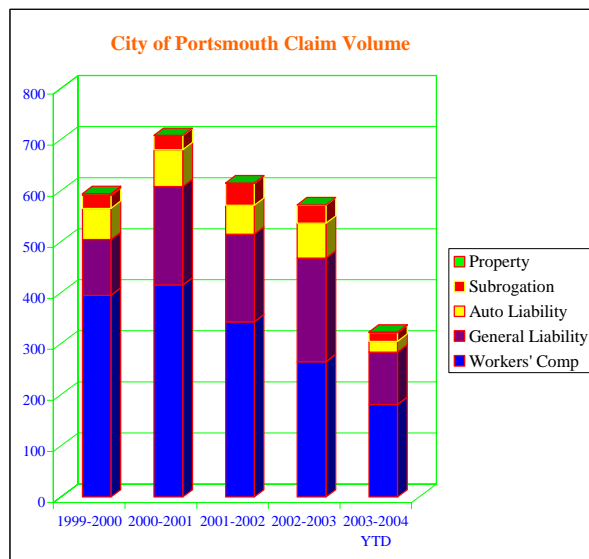
Although medical costs continue to climb, and we live in an increasingly litigious society, the frequency and severity of the City's Worker Compensation claims has decreased. Since February 2003, by aggressively identifying and pursuing qualifying claims dating back to the 1980s, the department has recovered \$548,355 in excess insurance payments. An analysis illustrates claim trends. During FY 1999, claims increased, leveled in FY 2000-2001, and has decreased since 2001. In addition, economical changes have caused a competitive vendor decrease for Portsmouth business.



WC Total Payments - City of Portsmouth (payments less recoveries)

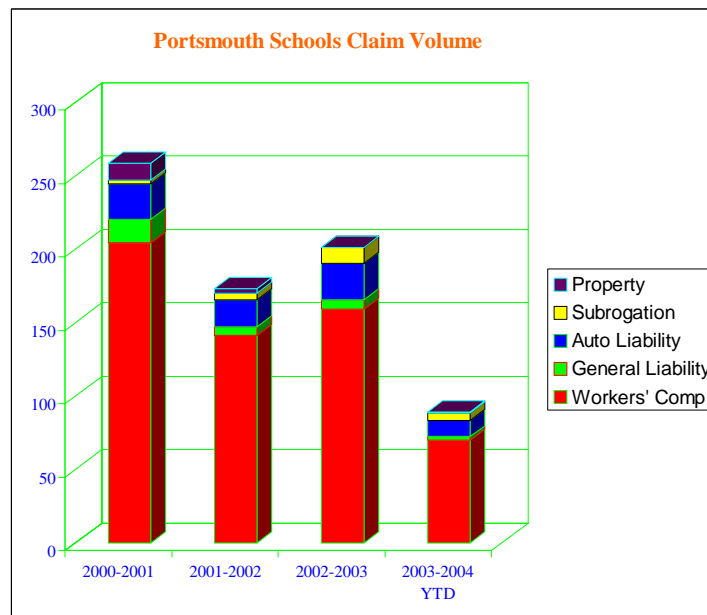
Fiscal Year	Medical	Indemnity	Expense	(Recoveries)	Trigon Fees	PMA Fees	Total Payments
1997-1998	\$674,913.12	\$1,291,255.00	\$11,555.17		\$72,216.00		\$2,049,939.29
1998-1999	\$905,759.24	\$1,152,939.93	\$31,670.61		\$72,216.00		\$2,162,585.78
1999-2000	\$820,948.30	\$1,005,354.08	\$31,191.21		\$57,742.00		\$1,915,235.59
2000-2001	\$807,525.69	\$944,008.12	\$36,738.04	-\$127.67	\$60,180.00	\$68,420.00	\$1,916,744.18
2001-2002	\$1,041,513.57	\$619,738.91	\$76,313.53	-\$30,659.46	\$24,288.00	\$70,875.00	\$1,802,069.55
2002-2003	\$1,166,751.39	\$587,949.97	\$129,255.23	-\$368,414.91		\$71,416.32	\$1,586,958.00
2003-2004 YTD	\$662,609.79	\$376,035.64	\$45,408.46	-\$199,846.43		\$50,612.50	\$934,819.96

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**Claim Volume - City of Portsmouth**

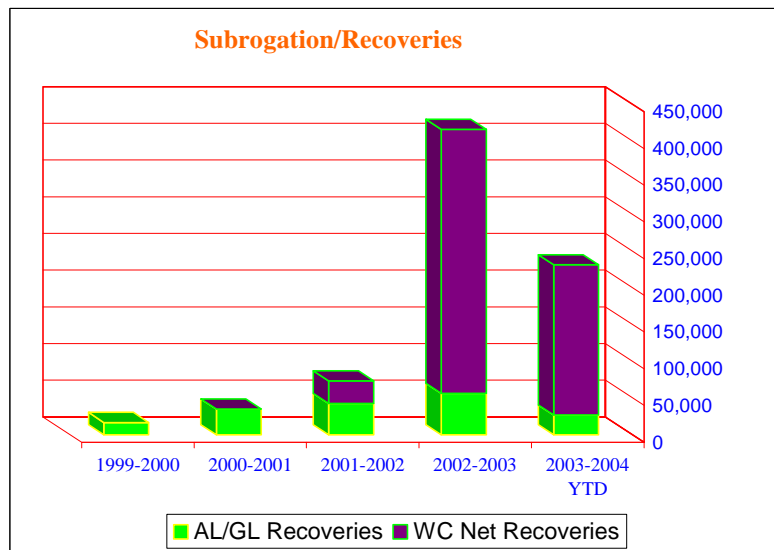
Fiscal Year	Workers' Comp	General Liability	Auto Liability	Subrogation	Property	Total Claims
1999-2000	395	109	61	26	3	594
2000-2001	415	193	72	28	0	708
2001-2002	343	172	56	43	1	615
2002-2003	265	203	68	36	0	572
2003-2004 YTD	181	103	21	17	1	323



**Claim Volume - Portsmouth Schools**

Fiscal Year	Workers' Comp	General Liability	Auto Liability	Subrogation	Property	Total Claims
2000-2001	204	16	24	3	11	258
2001-2002	141	6	18	5	3	173
2002-2003	159	6	25	11	0	201
2003-2004 YTD	70	2	11	5	1	89

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**Subrogation and Excess Recovery Claims (City and Schools)**

Fiscal Year	Subrogation Claims	AL/GL Recoveries	WC Net Recoveries	Total Money Recovered
1999-2000	26	\$16,520.45		\$16,546.45
2000-2001	31	\$34,809.76	\$ 127.67	\$34,968.43
2001-2002	48	\$42,593.03	\$30,659.46	\$73,300.49
2002-2003	46	\$56,129.98	\$359,355.83	\$415,531.81
2003-2004	22	\$26,380.94	\$204,672.30	\$231,075.24

**Output/Workload Measures**

VOLUME INDICATORS	Unit of Measurement	Actual FY 01/02	Actual FY 02/03	Projected FY 03/04	Estimated FY 04/05
<b>Claim Volume - City of Portsmouth</b>					
Workers' Compensation Claims	#	343	265	285	280
General Liability Claims	#	172	203	180	185
Auto Liability	#	56	68	60	65
Subrogation	#	43	36	35	35
Property	#	1	0	1	1
<b>Total Claims Processed</b>	<b>#</b>	<b>615</b>	<b>572</b>	<b>561</b>	<b>566</b>
<b>Claim Volume - Portsmouth Public Schools</b>					
Workers' Compensation Claims	#	141	159	140	145
General Liability Claims	#	6	6	5	6
Auto Liability	#	18	25	20	22
Subrogation	#	5	11	7	10
Property	#	3	0	1	1
<b>Total Claims Processed</b>	<b>#</b>	<b>173</b>	<b>201</b>	<b>173</b>	<b>184</b>
<b>Total Claims Processed - City &amp; Schools</b>		<b>788</b>	<b>773</b>	<b>734</b>	<b>750</b>

**Efficiency Measures**

CLAIM REPORTING EFFICIENCY	Unit of Measurement	Actual FY 01/02	Actual FY 02/03	Projected FY 03/04	Estimated FY 04/05
Lag time between date of accident and report received by TPA reports received between 0-10 days					
City of Portsmouth	%	86	87	88	90
Portsmouth Public Schools	%	86	91	93	94

**Outcome/Effectiveness Measures**

OUTCOME INDICATORS	Unit of Measurement	Actual FY 01/02	Actual FY 02/03	Projected FY 03/04	Estimated FY 04/05
<b>Claim Payments - City of Portsmouth</b>					
Workers' Comp Excess Recoveries	\$	(30,659)	(368,415)	(225,000)	(75,000)
Subrogation Recoveries	\$	(37,200)	(38,241)	(38,000)	(42,000)
Workers' Compensation	\$	1,704,026	1,883,957	1,850,000	1,900,000
General Liability	\$	490,514	574,634	325,000	400,000
Auto Liability	\$	365,575	137,690	85,000	100,000
<b>Total Claim Payments</b>	<b>\$</b>	<b>2,522,915</b>	<b>2,558,040</b>	<b>2,222,000</b>	<b>2,358,000</b>
<b>Claim Payments - Portsmouth Schools</b>					
Workers' Compensation	\$	304,190	451,972	476,973	480,000
Subrogation Recoveries	\$	(5,393)	(17,889)	(8,500)	(9,000)
Auto Liability	\$	2,308			
<b>Total Claim Payments</b>	<b>\$</b>	<b>306,497</b>	<b>451,972</b>	<b>476,973</b>	<b>480,000</b>

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<b>Procurement and Risk Management</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Amended</b>	<b>FY 2004-05 Proposed</b>	<b>FY 2004-05 Adopt ed</b>
<i>Expenditures</i>				
Salaries	\$ 82,537	442,554	389,161	417,529
Benefits	22,721	100,047	96,961	103,792
Contractual Services	9,163	50,896	42,126	42,126
Materials and Supplies	2,048	17,820	13,600	13,600
Other Operating Expenses	130,709	189,520	133,450	133,450
Internal Service Charges and Expenses	19,919	33,784	53,999	53,999
<b>Total Expenditures</b>	<b>\$ 267,097</b>	<b>834,621</b>	<b>729,297</b>	<b>764,496</b>

<i>Personnel Summary</i>				
Purchasing Administrator	-	1	1	1
Risk Administrator	-	1	1	-
Director Of Procurement/Risk Mgmt	-	1	1	1
Buyer	-	2	2	2
Administrative Coordinator II	-	1	1	1
Nurse	-	1	-	-
Office Supervisor	1	1	1	1
Office Specialist I (Mail)	2	2	2	2
Fiscal Support Specialist II	-	-	1	-
<b>Total Positions</b>	<b>3</b>	<b>10</b>	<b>10</b>	<b>8</b>

<b>Risk Management Fund</b>	<b>FY 2002-03 Actual</b>	<b>FY 2003-04 Amended</b>	<b>FY 2004-05 Proposed</b>	<b>FY 2004-05 Adopted</b>
<i>Revenues</i>				
Charges For Services	\$ 3,585,492	2,926,285	4,846,896	4,846,896
Interest	-	20,000	-	-
Recovered Costs	4,931	17,500	50,000	50,000
Operating Transfers In	250,000	-	-	-
<b>Total Revenues</b>	<b>3,840,423</b>	<b>2,963,785</b>	<b>4,896,896</b>	<b>4,896,896</b>

<i>Expenditures</i>				
Salaries	195,110	-	63,365	63,365
Benefits	1,707,659	1,612,642	1,690,349	1,690,349
Contractual Services	380,706	347,559	314,370	314,370
Materials and Supplies	5,500	19,900	7,000	7,000
Other Operating Expenses	6,829,779	967,486	2,821,812	2,821,812
Internal Service Charges and Expenses	18,675	16,198	-	-
<b>Total Expenditures</b>	<b>\$ 9,137,429</b>	<b>2,963,785</b>	<b>4,896,896</b>	<b>4,896,896</b>

<i>Personnel Summary</i>				
Risk Administrator	1	-	-	1
Director of Risk Management	1	-	-	-
Director of Procurement/Risk Management	1	-	-	-
Administrative Coordinator II	1	-	-	-
Workers Health Analyst	1	-	-	-
<b>Total Positions</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>1</b>