

Captive Insurance Agency

Table RJ0-1

Description	FY 2016 Actual	FY 2017 Approved	FY 2018 Proposed	% Change from FY 2017
OPERATING BUDGET	\$2,017,267	\$2,308,123	\$2,320,321	0.5
FTEs	0.1	1.0	2.0	100.0

The mission of the Captive Insurance Agency (“the Captive”) is to provide medical malpractice insurance for local non-profit health centers, as well as property insurance for District government real property assets. The Captive was created by statute in 2008 and is administered by the Chief Risk Officer, Office of Risk Management (ORM). ORM incorporated the Captive and began writing medical malpractice insurance policies in FY 2008. In FY 2014, the scope of the Captive was expanded to include property insurance. The liability of the agency is limited to the funds available to the Captive's participants.

The agency’s FY 2018 proposed budget is presented in the following tables:

FY 2018 Proposed Gross Funds Operating Budget and FTEs, by Revenue Type

Table RJ0-2 contains the proposed FY 2018 budget by revenue type compared to the FY 2017 approved budget. It also provides FY 2016 actual data.

Table RJ0-2

(dollars in thousands)

Appropriated Fund	Dollars in Thousands					Full-Time Equivalents				
	Actual FY 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017	Percentage Change*	Actual FY 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017	Percentage Change
GENERAL FUND										
LOCAL FUNDS	2,007	2,072	2,123	51	2.5	0.0	0.0	1.0	1.0	N/A
SPECIAL PURPOSE										
REVENUE FUNDS	10	237	197	-39	-16.6	0.1	1.0	1.0	0.0	0.0
TOTAL FOR										
GENERAL FUND	2,017	2,308	2,320	12	0.5	0.1	1.0	2.0	1.0	100.0
GROSS FUNDS	2,017	2,308	2,320	12	0.5	0.1	1.0	2.0	1.0	100.0

*Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to **Schedule 80 Agency Summary by Revenue Source** in the **FY 2018 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2018 Proposed Operating Budget, by Comptroller Source Group

Table RJ0-3 contains the proposed FY 2018 budget at the Comptroller Source Group (object class) level compared to the FY 2017 approved budget. It also provides FY 2015 and FY 2016 actual expenditures.

Table RJ0-3

(dollars in thousands)

Comptroller Source Group	Actual FY 2015	Actual FY 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017	Percentage Change*
11 - REGULAR PAY - CONTINUING FULL TIME	0	9	135	216	81	59.9
14 - FRINGE BENEFITS - CURRENT PERSONNEL	0	1	32	51	19	59.9
SUBTOTAL PERSONAL SERVICES (PS)	0	10	167	266	100	59.9
20 - SUPPLIES AND MATERIALS	5	6	16	16	0	0.0
40 - OTHER SERVICES AND CHARGES	2,206	2,002	2,126	2,038	-88	-4.1
SUBTOTAL NONPERSONAL SERVICES (NPS)	2,211	2,007	2,142	2,054	-88	-4.1
GROSS FUNDS	2,211	2,017	2,308	2,320	12	0.5

*Percent change is based on whole dollars.

FY 2018 Proposed Operating Budget and FTEs, by Division/Program and Activity

Table RJ0-4 contains the proposed FY 2018 budget by division/program and activity compared to the FY 2017 approved budget. It also provides FY 2016 actual data. For a more comprehensive explanation of divisions/programs and activities, please see the Division/Program Description section, which follows the table.

Table RJ0-4

(dollars in thousands)

Division/Program and Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017	Actual FY 2016	Approved FY 2017	Proposed FY 2018	Change from FY 2017
(1000) AGENCY MGMT PROGRAM								
(1010) PERSONNEL	0	0	1	1	0.0	0.0	0.0	0.0
SUBTOTAL (1000) AGENCY MGMT PROGRAM	0	0	1	1	0.0	0.0	0.0	0.0
(2000) CAPTIVE OPERATIONS								
(2001) OVERSIGHT	2,007	2,238	2,019	-219	0.0	1.0	0.0	-1.0
(2002) GROWTH AND INCOME STRATEGY AND MGMT	10	70	300	230	0.1	0.0	2.0	2.0
SUBTOTAL (2000) CAPTIVE OPERATIONS	2,017	2,308	2,319	11	0.1	1.0	2.0	1.0
TOTAL PROPOSED OPERATING BUDGET	2,017	2,308	2,320	12	0.1	1.0	2.0	1.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary by Activity** in the **FY 2018 Operating Appendices** located on the Office of the Chief Financial Officer's website. "No Activity Assigned" indicates budget or actuals that are recorded at the division/program level.

Program Description

The Captive Insurance Agency operates through the following 2 programs:

Captive Operations – funds the management and insurance policies of the Captive Insurance Agency. The Office of Risk Management underwrites and administers medical malpractice insurance policies to non-profit community health centers and offers gap insurance to Federally Qualified Health Centers for claims that are not covered by the Federal Tort Claims Act. It also provides property insurance for risks to District government real property assets for various hazards.

This program contains the following 2 activities:

- **Oversight** – the Chief Risk Officer, with the advice of the Captive Advisory Council, administers the Captive by hiring a Captive manager and other staff, including legal staff; and
- **Growth and Income Strategy and Management** – distributes payments and collects premium and interest income on behalf of the Captive for the establishment, operation, and administration of the agency.

Agency Management – provides for administrative support and the required tools to achieve operational and programmatic results. This program is standard for all agencies using performance-based budgeting.

Program Structure Change

The proposed program structure changes are provided in the Agency Realignment appendix to the proposed budget, which is located at www.cfo.dc.gov on the Annual Operating Budget and Capital Plan page.

FY 2017 Approved Budget to FY 2018 Proposed Budget, by Revenue Type

Table RJ0-5 itemizes the changes by revenue type between the FY 2017 approved budget and the FY 2018 proposed budget. For a more comprehensive explanation of changes, please see the FY 2018 Proposed Budget Changes section, which follows the table.

Table RJ0-5

(dollars in thousands)

DESCRIPTION	DIVISION/PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2017 Approved Budget and FTE		2,072	0.0
Other CSFL Adjustments	Multiple Programs	51	0.0
LOCAL FUNDS: FY 2018 Current Services Funding Level (CSFL) Budget		2,123	0.0
Increase: To support additional FTEs	Captive Operations	103	1.0
Decrease: To offset projected adjustments in personal services costs	Multiple Programs	-103	0.0
LOCAL FUNDS: FY 2018 Agency Budget Submission		2,123	1.0
No Change		0	0.0
LOCAL FUNDS: FY 2018 Mayor's Proposed Budget		2,123	1.0
No Change		0	0.0
LOCAL FUNDS: FY 2018 District's Proposed Budget		2,123	1.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2017 Approved Budget and FTE		237	1.0
Decrease: To align budget with projected revenues	Captive Operations	-39	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2018 Agency Budget Submission		197	1.0
No Change		0	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2018 Mayor's Proposed Budget		197	1.0
No Change		0	0.0
SPECIAL PURPOSE REVENUE FUNDS: FY 2018 District's Proposed Budget		197	1.0
GROSS FOR RJ0 - CAPTIVE INSURANCE AGENCY		2,320	2.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

FY 2018 Proposed Budget Changes

The Captive Insurance Agency's proposed FY 2018 gross budget is \$2,320,321, which represents a less than 1.0 percent increase over its FY 2017 approved gross budget of \$2,308,123. The budget is comprised of \$2,122,921 in Local funds and \$197,400 in Special Purpose Revenue funds.

Current Services Funding Level

The Current Services Funding Level (CSFL) is a Local funds ONLY representation of the true cost of operating District agencies, before consideration of policy decisions. The CSFL reflects changes from the FY 2017 approved budget across multiple programs, and it estimates how much it would cost an agency to continue its current programs and operations into the following fiscal year. The FY 2018 CSFL adjustments to the FY 2017 Local funds budget are described in table 5 of this agency's budget chapter. Please see the CSFL Development section within Volume 1: Executive Summary for more information regarding the methodology used and components that comprise the CSFL.

The Captive Insurance Agency's FY 2018 CSFL budget is \$2,122,921, which represents \$51,388, or 2.5 percent, increase over the FY 2017 approved Local funds budget of \$ 2,071,533.

CSFL Assumptions

The FY 2018 CSFL calculated for the Captive Insurance Agency included adjustment entries that are not described in detail on table 5. This adjustment include an increase of \$51,388 in nonpersonal services based on the Consumer Price Index factor of 2.5 percent.

Agency Budget Submission

Increase: The FY 2018 proposed Local funds budget reflects an increase of \$102,969 and 1.0 Full-Time Equivalent to align the budget with projected personal services costs, including support for a new Program Analyst position.

Decrease: The FY 2018 proposed Local funds budget includes a net decrease in nonpersonal services of \$102,969 across multiple programs, which offsets the increase in personal services. This amount includes a reduction of \$104,040 from the Captive Operations program, offset by an increase of \$1,071 to the Agency Management program.

The proposed Special Purpose Revenue funds budget reflects a net decrease of \$39,190 in the Captive Operations program, primarily in nonpersonal services, to align the budget with projected revenues.

Mayor's Proposed Budget

No Change: The Captive Insurance Agency's budget proposal reflects no change from the agency budget submission to the Mayor's proposed budget.

District's Proposed Budget

No Change: The Captive Insurance Agency's budget proposal reflects no change from the Mayor's proposed budget to the District's proposed budget.