



Approved May 6, 2019

Workers' Compensation Program Committee Meeting

Sheraton Hotel – Sacramento
1230 J Street
Sacramento, CA 95814
(916) 447-1700

May 7, 2018

MEMBERS PRESENT

Chairman: Bill Knutson, Yuima Municipal Water District
Vice-chair: David Drake, Rincon del Diablo Municipal Water District
Scott Alcantara, San Juan Water District
Dennis Erdman, South Coast Water District
Rick Gilmore, Byron-Bethany Irrigation District (*arrived at 8:48 a.m.*)
Robert Kunde, Wheeler Ridge-Maricopa Water Storage District
Eva Plajzer, Rancho California Water District
Scott Quady, Calleguas Municipal Water District

MEMBERS ABSENT

Traci Hart, Soquel Creek Water District

STAFF PRESENT

See attendance list.

OTHERS IN ATTENDANCE

See attendance list.

WELCOME

Chairman Knutson welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Knutson called the meeting to order at 8:33 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chairman Knutson announced that the meeting would be recorded to assist in preparation of minutes. Recordings are only kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT

Chairman Knutson noted that, as the agenda stated, members of the public would be allowed to address the Workers' Compensation Program Committee on any agenda

item prior to the Committee's decision on that item. Comments on any issues on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

INTRODUCTIONS

Chairman Knutson began by recognizing Neil Schild who had been a long-time member of the Workers' Compensation Program Committee that had recently passed away. Chairman Knutson then thanked the newest member of the Committee, Scott Quady from Calleguas Municipal Water District, for stepping in to fill the open position. Chairman Knutson also welcomed another new member to the Committee, Eva Plajzer from Rancho California Water District. Those on the Committee and at the main table were then asked to introduce themselves.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

No additions or deletions were noted.

CONSENT AGENDA

Chairman Knutson called for approval of the minutes.

M/S/C (Alcantara/Erdman) (Alcantara-Yes; Drake-Yes; Erdman-Yes; Knutson-Yes; Kunde-Yes; Plajzer-Yes; Quady-Abstain): That the Workers' Compensation Program Committee approve the minutes of the March 20, 2017 meeting as presented.

LOSS REPORTS

Reported Losses per \$1 Million of Payroll

Mr. Sells noted that the JPIA has seen a favorable trend in losses which suggests that the pool is making significant progress. The loss values moved slightly upward for the policy year of 2008-2009 as economic conditions deteriorated. Legislative changes, such as SB899, which was passed in 2004 and SB863, passed in 2012, are showing positive results statewide. The drought may also have impacted claims as the number of member projects and the reduced growth in field personnel may have led to fewer claims. Rates for the current policy year, 2017-2018, remain unchanged from the prior policy period, which had been reduced 10%.

Claims per \$1 Million of Payroll

Mr. Sells reported that since 1994, the pool has made steady progress in reducing the number of claims reported per policy period. There is a slight increase in the number of claims reported for the 2008-2009 policy period that may be explained by deterioration of the economy. The JPIA's training programs have emphasized workplace safety and management over the last several years. The downward trend in number of claims reported under all three programs suggests that the emphasis is working.

MEMBERSHIP

Ms. Thesing reported that the JPIA has been in growth mode over the last year. New agencies that have joined the Workers' Compensation Program during the 2017-2018 policy year are: San Gabriel Basin Water Quality Authority, and Twentynine Palms Water District. For the upcoming policy year, South Tahoe Public Utility District, and Chino Basin Desalter Authority are anticipated to join as well.

There are currently 187 members in the Workers' Compensation Program. This encompasses 6,653 employees and \$505,918,668 in payroll.

Discuss Extending Workers' Compensation Benefits to Work Release Participants

Ms. Thesing reported that the JPIA's Memorandum of Workers' Compensation Coverage is silent regarding extending workers' compensation benefits to participants under Work Release Agreements sponsored by Counties and utilized by Member Districts. This topic was brought to the Workers' Compensation Committee for recommendation.

Recently, staff learned of members contracting with Counties to participate in Probation Departments' Work Release Programs whereby they utilize the labor of individuals in probation programs. Work Release individuals are performing services at our sites, and under the control and supervision of our members' staff. The JPIA is also responsible for safety instructions and any required Personal Protective Equipment; however, the workers receive no remuneration.

County contracts further stipulate that the recipient of these services will be solely liable for the entire cost of workers' compensation benefits, including Serious & Willful claims as well as Labor Code 132a, discrimination claims due to sustaining a workers' compensation injury.

There was much discussion on this topic. Staff was tasked with researching the subject further and bring a recommendation back to the Committee at the next meeting.

Review of the Workers' Compensation Excess Insurance Renewal

Ms. Thesing reviewed that at the last renewal, staff secured a multi-year rate from Safety National at a cost of \$0.090 per \$100 per payroll. The JPIA is entering the second year of the deal and will continue with a rate of \$0.090 per \$100 per payroll for the 2018-2019 program year.

The Workers' Compensation Program maintains a \$2 million self-insured layer and then purchases statutory limits through the excess workers' compensation market. No action was required.

Renewal Pricing

Mr. deBernardi relayed that rates charged to the members are reviewed prior to the beginning of a policy year and may be adjusted at that time. Rates for each class code had been recently reduced by 10% for policy year 7/1/16-17.

The budget illustrated a potential funding deficit of \$303,883. The current actuarial projected loss rates have decreased since the evaluation. Losses are estimated to be

\$8.6 million based on approximately \$523 million in payrolls for the 7/1/18-19 policy year. The program maintains the current retention of \$2 million.

Pricing in the workers' compensation market appears to be trending towards leveling. The decrease in this year's loss rate follows an increase in the prior year.

General & Administrative expenses are budgeted with a 22% increase. This is the byproduct of the JPIA increasing the allocation of these expenses to the Workers' Compensation Program from 33% to 36%. General & Administrative expenses are projected to increase by over 10% which is largely due to an anticipated increase of pension liability of \$1.1 million.

Staff recommended no changes to the pricing for the Workers' Compensation Program for policy year 7/1/18-19.

M/S/C (Erdman/Alcantara) (Alcantara-Yes; Drake-Yes; Erdman-Yes; Knutson-Yes; Kunde-Yes; Plajzer-Yes; Quady-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve no changes to the pricing for the Workers' Compensation Program for policy year 7/1/18-19.

Overview of the Workers' Compensation Program

Ms. Tucker relayed that the Workers' Compensation Program began in 1984 and currently consists of 187 members. The Workers' Compensation Department consists of the Claims Manager, one Lead Senior Claims Examiner, two Senior Claims Examiners, and two Administrative Assistants.

The Committee was provided with an update of changes, which occurred during 2017, new regulations that became effective on January 1, 2018, and an update on the Department of Industrial Relations anti-fraud efforts.

Overview of the Workers' Compensation Program Pharmacy Benefit

Ms. Tucker conveyed that the State of California has been working on a new drug formulary for work-related injuries that took effect in January 1, 2018.

This new formulary follows the new Medical Treatment Utilization Schedule. All drugs fall under three different categories: exempt, non-exempt, and special fill. Exempt are automatically approved; all others will require approval.

The JPIA has partnered with myMatrixx to provide injured workers a new pharmacy benefit program. The new program includes a first fill process and new pharmacy cards that can be used to fill prescriptions for work-related injuries.

The process should be seamless with no out-of-pocket expenses to injured workers. This new program is in line with the new California formulary. All prescriptions go

through the program and those that do not follow the new formulary will require the Claims Examiner's approval.

MISCELLANEOUS

Availability for Upcoming Meeting(s):

There are no scheduled meetings for the remainder of the year.

The Workers' Compensation Program Committee meeting adjourned at 9:46 a.m.

WORKERS' COMPENSATION PROGRAM COMMITTEE MEETING

<u>District / Organization</u>	<u>First Name</u>	<u>Last Name</u>	<u>Position</u>
ACWA JPIA	Carol	Barake	Risk Management Manager
ACWA JPIA	Kristan	Brown	Administrative Assistant II
ACWA JPIA	Chimene	Camacho	HR Coordinator
ACWA JPIA	Sarah	Crawford	Training Specialist
ACWA JPIA	David	deBernardi	Director of Finance
ACWA JPIA	Robin	Flint	Sr. Risk Management Advisor
ACWA JPIA	Robert	Greenfield	General Counsel
ACWA JPIA	Debbie	Kyburz	Lead Member Services Rep.
ACWA JPIA	Ethan	Larson	Administrative Assistant I
ACWA JPIA	Jennifer	Nogosek	Liability/Property Claims Manager
ACWA JPIA	Sylvia	Robinson	Publications & Web Editor
ACWA JPIA	Andy	Sells	Chief Executive Officer
ACWA JPIA	Sandra	Smith	Employee Benefits Manager
ACWA JPIA	Dianna	Sutton	Finance Manager
ACWA JPIA	Karen	Thesing	Director of Insurance Services
ACWA JPIA	Melody	Tucker	Work Comp Claims Manager
ACWA JPIA	Chuck	Wagenseller	Cost Estimator Risk Mgmt Advisor
ACWA JPIA	Nidia	Watkins	Member Services Rep. II
ACWA JPIA	Bobbette	Wells	Executive Assistant to the CEO
ACWA JPIA	Cece	Wuchter	Sr. Claims Examiner
Bard Water District	Bill	Scott	Board Member
Bella Vista Water District	Jim	Smith	Director
Calleguas Municipal Water District	Thom	Slosson	Alternate Director
Chino Basin Watermaster	Bob	Kuhn	Director
Contra Costa Water District	Bette	Boatmun	Director
Cucamonga Valley Water District	Carrie	Corder	Assistant General Manager
Cucamonga Valley Water District	Roberta	Perez	HR Manager
Cucamonga Valley Water District	Kathy	Tiegs	Director
El Dorado Irrigation District	Michael	Rafferty	Director
El Toro Water District	Fred	Adajarian	Director
Elsinore Valley Municipal Water District	Phil	Williams	Director
Florin Resource Conservation District/EGWD	Amber	Kavert	Administrative Assistant
Florin Resource Conservation District/EGWD	Stefani	Phillips	Board Secretary
Fresno Metropolitan Flood Control District	Ken	Groom	Director
Fresno Metropolitan Flood Control District	Alan	Hoffman	General Manager
Friant Power Authority	Carl	Janzen	Director
Helix Water District	Jennifer	Bryant	Director of Administration
Henry Miller Reclamation District No. 2131	Palmer	McCoy	Executive Assistant
Hi-Desert Water District	Roger	Mayer	Director
Humboldt Bay Municipal Water District	John	Friedenbach	General Manager
Humboldt Bay Municipal Water District	J. Bruce	Rupp	Director
Irvine Ranch Water District	Steve	LaMar	Director/ACWA VP
Kern County Water Agency	Charles	Wulff	Director
Kings River Conservation District	Randy	Shilling	AGM/Alternate Director
La Habra Heights County Water District	Pam	McVicar	Director

<u>District / Organization</u>	<u>First Name</u>	<u>Last Name</u>	<u>Position</u>
La Puente Valley County Water District	Greg	Galindo	General Manager
La Puente Valley County Water District	William	Rojas	Director
Madera Irrigation District	Carl	Janzen	Director
Madera-Chowchilla Water & Power Authority	Carl	Janzen	Director
Mid-Peninsula Water District	Tammy	Rudock	General Manager
Mid-Peninsula Water District	Matthew	Zucca	Director
Palmdale Water District	Joe	Estes	Director
Palmdale Water District	Dennis	LaMoreaux	General Manager
Rancho California Water District	Carol Lee	Brady	Director
Rancho California Water District	Tom	Marcoux	Safety & Risk Officer
Rancho California Water District	William	Plummer	Director
Rincon Del Diablo Municipal Water District	David	Drake	Director
Rio Alto Water District	Dave	Anders	President
Rosamond Community Services District	Byron	Glennan	Director
Rowland Water District	Tom	Coleman	General Manager
Rowland Water District	Robert	Lewis	Director
Sacramento Suburban Water District	Dan	York	General Manager
San Bernardino Valley Municipal Water District	Steve	Copelan	Director
San Bernardino Valley Water Conservation District	Melody	McDonald	Director
San Dieguito Water District	Jace	Schwarm	Risk Manager/Alternate Director
San Gabriel Basin Water Quality Authority	Bob	Kuhn	Director
San Geronio Pass Water Agency	Leonard	Stephenson	Director
Santa Clarita Valley Water Agency	EG "Jerry"	Gladbach	Director
Scotts Valley Water District	David	Hodgin	Director
Solano Irrigation District	Cary	Keaten	General Manager
South Coast Water District	Dennis	Erdman	Director
South Sutter Water District	Thomas	Cuquet	Director
South Tahoe Public Utility District	Jim	Jones	Director
Sunnyslope County Water District	Judi	Johnson	Director
Tehachapi-Cummings County Water District	Jonathan	Hall	Director
Tuolumne Utilities District	Jim	Grinnell	Director
Upper San Gabriel Valley Municipal Water District	Alfonso	Contreras	Director
Vallecitos Water District	Hal	Martin	Director
Vallecitos Water District	Thomas	Scaglione	Finance Committee Chairman
Vista Irrigation District	Paul	Dorey	Director
Walnut Valley Water District	Sandy	Olson	Director of Administration
Westborough Water District	Janet	Medina	Director
Wheeler Ridge-Maricopa Water Storage District	James	Smith	Controller
Yorba Linda Water District	Brooke	Jones	Director
Yuba County Water Agency	Terri	Daly	Administrative Manager
Yuba County Water Agency	Lynne	Ludwig	Risk Analyst
Yuima Municipal Water District	WD "Bill"	Knutson	Director