



Approved: June 20, 2024

Workers' Compensation Program Committee Meeting

ACWA Joint Powers Insurance Authority
2100 Professional Drive
Roseville, CA 95661
(916) 786-5742

June 20, 2023

MEMBERS PRESENT

Chair: David Drake, Rincon del Diablo Municipal Water District
Vice-Chair: David Wheaton, Citrus Heights Water District
Fred Bockmiller, Mesa Water District
Cathy Green, ACWA Vice President
Robert Kunde, Wheeler Ridge-Maricopa Water Storage District
Lenet Pacheco, Valley County Water District
Scott Quady, Calleguas Municipal Water District

MEMBERS ABSENT

Stacey Lollar, Calaveras County Water District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
Adrienne Beatty, Assistant Executive Officer
Erin Bowles, Workers' Compensation Claims Manager
Kristan Brown, Administrative Assistant II (Recording Secretary)
Chimene Camacho, Executive Assistant to the CEO
Sarah Crawford, Training Manager
Debbie Cruz, Lead Member Services Representative
David deBernardi, Director of Finance
Robin Flint, Risk Control Manager
Robert Greenfield, General Counsel
Jennifer Jobe, Director of Pooled Programs
Erik Kowalewski, System/Network Administrator
Jennifer Nogosek, Liability/Property Claims Manager
Sandra Smith, Employee Benefits Manager
Dan Steele, Finance Manager
Tony Waterford, Human Resources Manager
Nidia Watkins, Member Services Representative II

OTHERS IN ATTENDANCE

Chris Kapheim, Kings River Conservation District

Szu Pei Lu-Yang, Rowland Water District
Melody A. McDonald, San Bernardino Valley Water Conservation District
Randall Reed, Cucamonga Valley Water District
J. Bruce Rupp, Humboldt Bay Municipal Water District
Alex Tokar, Aon Risk and Insurance Services

WELCOME

Chair Drake welcomed everyone.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chair Drake called the meeting to order at 1:00 p.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

Chair Drake 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

Chair Drake 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

Roll call was taken for Committee attendance and Chair Drake introduced the Executive Committee, guests, and staff on the Zoom meeting.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chair Drake asked for any additions to, or deletions from, the agenda. Staff had none.

CONSENT AGENDA

Approval of the minutes

Chair Drake called for approval of the May 8, 2023, minutes.

M/S/C (Green/Bockmiller) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kunde-Yes; Pacheco-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee approve the minutes of the May 8, 2023, meeting, as presented.

Meeting attended on behalf of the JPIA

None reported.

LOSS REPORTS

Review Claims Data

Mr. Greenfield stated that the Workers' Compensation Program continues to be a positive and stable program. He presented the standard claims reports which emphasized JPIA's favorable claims history with no significant losses, along with a newly requested report which showed the closed claims over \$100,000 from the 1984-2020 policy years. In addition, Mr. Greenfield also provided a chart that showed Workers' Compensation Total Net Incurred (TNI) and premium acquired for each of the policy years (2018-2023). The TNI expenses have seen a downward trend and the premium rate has remained stable and flat, which demonstrates the consistency and success of the Workers' Compensation Program.

MEMBERSHIP

Ms. Cruz reported that JPIA's last Workers' Compensation Program Committee meeting was held on May 8, 2023, so there were few changes to discuss. For the 2023-24 policy year, Rio Linda/Elverta Community Water District is approved and will be joining on July 1, 2023. Three agencies, Lake Arrowhead Community Services District, San Diego County Water Authority, and Santa Margarita Water District, are being presented to the Executive Committee on June 21, 2023, for JPIA membership approval.

Santa Margarita Water District has passed its resolution to join the Workers' Compensation Program and Lake Arrowhead Community Services District has a board meeting next week (June 26-30) and is expected to pass its resolution as well. San Diego County Water Authority has a meeting with its board on June 22, and their status is pending.

In addition, the JPIA has received an intent from Las Virgenes Municipal Water District to withdraw for the July 1, 2024, program renewal, and the District will have until April 1, 2024, to confirm or rescind their withdrawal from the Program.

NEW BUSINESS

Premiums for Inmate, Work Release and Court Referred Community Service Programs

Ms. Bowles reviewed the change made last year; the Workers' Compensation Program Committee recommended and the EXCO Committee approved the premium to be adjusted to \$200.00 per day for each day using work release labor regardless of the number of workers. Ms. Bowles stated that in the history of the Workers' Compensation Program, there have only been two claims from work release participants, one in 2015 and the other in 2018, and there have been no adverse effects thus far to the change in policy. This past year, JPIA has been collecting premiums from only one member who currently utilizes this service.

Memorandum of Workers' Compensation Coverage (MOWC)

Ms. Beatty stated that the JPIA staff reviews the MOWC annually to present recommended changes to the Workers' Compensation Program Committee; the Committee then votes and submits these recommendations to the Executive Committee

for approval. Ms. Beatty explained that MOWC changes are rarely made because the Memorandum is mostly statutorily driven.

In review of the MOWC, staff has recommended changes to Section VII-Dispute Resolution, which are mostly structural and administrative. Mr. Greenfield, JPIA's General Counsel, researched and changed the language in Section VII-Dispute Resolution to align with other risk pools' dispute resolution and arbitration commonplace practices. Ms. Beatty concluded that implementation of these changes to Section VII-Dispute Resolution will aid in simplifying the process for members and staff and also provide clarifying and consistent language within all the Programs' (General Liability, Property, and Workers' Compensation) Memorandum of Coverages.

M/S/C (Kunde/Pacheco) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kunde-Yes; Pacheco-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommend that the Executive Committee approve the Memorandum of Workers' Compensation Coverage, as revised, to be effective July 1, 2023.

Workers' Compensation Excess Insurance Renewal Proposal

Ms. Beatty stated that the Workers' Compensation Program renews on July 1, 2023. The Program consists of the primary pooled layer as well as one reinsurance carrier, Safety National, which provides coverage after JPIA's pooled retention of \$2 million up to the Statutory limits.

Ms. Beatty declared that the Workers' Compensation Program renewal will be one of the best Program renewals JPIA will have this year. Safety National has been at the forefront in providing the JPIA with very favorable rates and has been a good partner through the years.

Currently, JPIA would have been starting the second year of the flat rate renewal terms on July 1, 2023. However, because of our good standing with Safety National, they have offered a 5% rate decrease, which equates to \$0.0821 per \$100 of payroll rate for the 2023-24 policy year. In addition, Safety National has provided a multi-year deal rate for the 2024-2025 policy years with an up to a 3% rate decrease, subject to conditions provided in the Program Commitment Agreement. Ms. Beatty stated that JPIA had a phenomenal year in the Workers' Compensation Program with successful loss history trends aiding in securing these terms.

M/S/C (Green/Bockmiller) (Bockmiller-Yes; Drake-Yes; Green-Yes; Kunde-Yes; Pacheco-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommend that the Executive Committee approve Safety National's excess renewal terms, as presented, with an effective date of July 1, 2023.

Renewal Pricing for the Workers' Compensation Program

Mr. deBernardi reported that the Workers' Compensation Program renews on July 1, 2023. He explained that billing rates for the Workers' Compensation Program are based on projected costs for a given policy year. Rates charged to the members are reviewed and adjusted, if needed, prior to the beginning of a policy year.

In addition, Mr. DeBernardi stated that the largest factor impacting the costs is estimated losses. For the 2022-23 policy year, JPIA's third-party actuary projected the loss rate per \$100 of payroll to be \$1.23, and for the 2023-24 policy year, the projected loss rate per \$100 of payroll to be \$1.11. Mr. deBernardi was happy to report that this amounts to nearly a 10% decrease and losses continue to trend downward.

Mr. DeBernardi provided three rate options for consideration and listed them as follows:

Option 1 showed budgeted numbers with no price change. If all estimates given were correct under this pricing, members would be returned \$5.6 million in refunds (line 2).

Option 2 displayed pricing with a 10% decrease in all class code rates. Under this pricing scenario, members would potentially be returned \$3.7 million in refunds (line 2).

Option 3 presented pricing with a 5% decrease. Under this pricing members would be returned \$4.6 million in refunds (line 2).

Mr. deBernardi discussed how State legislation could be the biggest factor in potentially adversely affecting future costs. Since the State has delayed proposed legislation, we have yet to see the conceivable outcome.

Much discussion was held among the Committee Members. The Committee had several factors to consider which include the following: State legislation, medical care cost increases, members' Property and Liability Programs rate increases (for those members that also participate in these other Programs), and marketplace trends.

The Committee expressed gratitude to the members for the persistent reduction in claims and focus on safety. In addition, they commended the members for doing a terrific job and all their efforts to make the Program so successful.

M/S/C (Bockmiller/Pacheco) (Bockmiller-Yes; Drake-Yes; Green-No; Kunde-No; Pacheco-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve Option 1, no price change for the Workers' Compensation Program, with an effective date of July 1, 2023.

Department Claims Manager Update

Ms. Bowles addressed the Committee's request for more comprehensive claims data. She informed the Committee that she collaborated with JPIA's IT department to develop the system's ability to provide additional data fields and classifications, so the department could improve the tracking and reporting capability for claims severity.

She presented various charts and graphs, asking for feedback from the Committee. The Committee asked about the upward trend for the Average Total Incurred Per Medical Only Claim Graph. Mr. Greenfield indicated this was due to the new legislation driving the costs up, such as the Agreed Medical Evaluators or Qualified Medical Evaluators (AME/QME) Fee Schedule. Ms. Bowles agreed and added that some of the claims may start as a medical only claim, but then develop into an indemnity claim, which is more costly. Temporary disability benefit rate and the mileage rate increase were other legislative changes that could be contributing factors. Suggestions were given on a couple of the graphs to provide the age/duration of the claim, add multiple policy years, and include the number of employees per class code. Ms. Bowles agreed these factors would be beneficial in order to get a better understanding of cost drivers and emerging trends.

CEO Update

Mr. Sells provided an update regarding new employees within the JPIA. Jennifer Jobe is starting as the Director of Pooled Programs in July. In addition, he commented on Ms. Bowles, the new Workers' Compensation Claims Manager, providing the JPIA with new perspectives and pertinent information. Mr. Sells is confident that the new employees will provide a fresh outlook with new concepts.

Mr. Sells conveyed that currently, the Workers' Compensation Program is one of our best programs with regard to renewal rates, whereas the Property and Liability Programs are more complicated due to recent natural disasters and marketplace trends.

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 2:22 p.m.