



Approved: May 8, 2023

## **Workers' Compensation Program Committee Meeting**

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

**June 20, 2022**

This meeting consisted of a simultaneous Zoom teleconference meeting at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and remote sites.

### **MEMBERS PRESENT**

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Chairman: David Drake, Rincon del Diablo Municipal Water District  
Vice-chair: Fred Bockmiller, Mesa Water District  
Robert Kunde, Wheeler Ridge-Maricopa Water Storage District  
Scott Quady, Calleguas Municipal Water District  
David Wheaton, Citrus Heights Water District

### **MEMBERS ABSENT**

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Rick Gilmore, Byron-Bethany Irrigation District  
Traci Hart, Soquel Creek Water District

### **STAFF PRESENT**

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Chief Executive Officer/Secretary: Walter "Andy" Sells  
Adrienne Beatty, Assistant Executive Officer  
Kristan Brown, Administrative Assistant II (Recording Secretary)  
Chimene Camacho, Executive Assistant to the CEO  
Linda Craun, Administrative Assistant III  
David deBernardi, Director of Finance  
Robin Flint, Risk Control Manager  
Robert Greenfield, General Counsel  
Debbie Kyburz, Lead Member Services Representative  
Jennifer Nogosek, Liability/Property Claims Manager  
Sylvia Robinson, Publications & Web Editor  
Patricia Slaven, Director of Human Resources and Administration  
Sandra Smith, Employee Benefits Manager  
Dan Steele, Finance Manager  
Melody Tucker, Workers' Compensation Claims Manager  
Nidia Watkins, Member Services Representative II

### **OTHERS IN ATTENDANCE**

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E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency  
Melody A. McDonald, San Bernardino Valley Water Conservation District

Cathy Green, ACWA Vice President  
Brent Hastey, Yuba Water Agency  
Chris Kapheim, Kings River Conservation District  
Randall Reed, Cucamonga Valley Water District  
J. Bruce Rupp, Humboldt Bay Municipal Water District  
Alex Tokar, Aon

## **WELCOME**

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Chairman Drake welcomed everyone.

## **CALL TO ORDER AND ANNOUNCEMENT OF QUORUM**

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

## **ANNOUNCEMENT RECORDING OF MINUTES**

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Chairman 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**

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Chairman 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**

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

## **ADDITIONS TO OR DELETIONS FROM THE AGENDA**

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

## **CONSENT AGENDA**

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### Approval of the minutes

Chairman Drake called for approval of the June 14, 2021 minutes.

M/S/C (Bockmiller/Wheaton) (Bockmiller-Yes; Drake-Yes; Kunde-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee approve the minutes of the June 14, 2021 as presented.

### Meeting attended on behalf of the JPIA

None reported.

## **LOSS REPORTS**

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### Review Claims Data

Mr. Sells expressed that the Workers' Compensation Program continues to be a positive and stable program, showing favorable claims history with no significant losses. Since the inception of JPIA's Workers' Compensation Program, we have only had 4 claims that surpassed \$1 million, including two closed claims which slightly exceeded JPIA's current retention layer of \$2 million, as shown on the chart of 25 Largest Workers' Compensation Program Claims. For the last 9 years, JPIA has been able to return money to the Rate Stabilization Fund displaying the success of the program in the reduction of Workers' Compensation claims.

Mr. Sells attributes this downward trend in Workers' Compensation claims to JPIA's Risk Management and Training Department's efforts in providing workplace safety and management services, in conjunction with our members dedication to safety procedures.

## **MEMBERSHIP**

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Ms. Beatty stated that for the 2021-22 coverage year, two agencies have joined the Workers' Compensation Program: San Bernardino Valley Municipal Water District and Tri-District Water Authority, bringing the total membership up to 202.

For the 2022-23 coverage year, Ms. Beatty clarified to the Committee that Rainbow Municipal Water District, North Coast County Water District, and Stanislaus Regional Water Authority are not only interested in joining the Workers' Compensation Program, but have gone through the underwriting process and requirements with multiple JPIA departments. These agencies established that they were a good fit for the JPIA membership and were presented to the Executive Committee Board for approval to join the JPIA.

Within the 2021-22 policy year, there were no notices of intent to withdraw for the July 1, 2022 renewal, and membership has been stable.

## **NEW BUSINESS**

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

Mr. Greenfield brought forth to the Committee proposed changes to pricing for District's volunteers, specifically for inmates, work release and court referred community service participants. In 2018 a change in the pricing of Workers' Compensation coverage for participants in a work release or community service court authorized program was approved. Upon further investigation of the pricing change, use of this workforce became cost prohibitive. In the history of the Workers' Compensation Program, there have only been two claims from work release participants, the largest was for \$250.00. In order to provide flexibility to members to use work release labor, staff recommended that the premium be changed to \$200.00 per day for each day using work release labor regardless of the number of workers.

In addition, Mr. Greenfield reported that the JPIA's Memorandum of Workers' Compensation Coverage (MOWC) is silent regarding extending workers' compensation benefits to participants under Work Release Agreements sponsored by Counties and utilized by Member Districts.

This topic was presented to the Workers' Compensation Committee to discuss and make a recommendation on pricing to the Executive Committee.

M/S/C (Wheaton/Quady) (Bockmiller-Yes; Drake-Yes; Kunde-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve a premium of \$200.00 per day for work release labor regardless of the number of workers.

#### Memorandum of Workers' Compensation Coverage

Ms. Beatty explained that the Workers' Compensation Committee annually reviews and recommends for the approval of the Memorandum of Workers' Compensation Coverage. As discussed previously, JPIA staff recommended that "employees" utilized by Districts from inmate, work release, and court referred community service programs be considered as volunteers. While working for the District, these volunteers would be covered by the Workers' Compensation Program for injury or illness sustained with the provision that the District has adopted a resolution declaring such volunteer workers to be employees. The Risk Advisors will be offering guidance to the members for new or revised volunteer resolutions, providing a sample resolution with defining language and clarity, thereby adding protection for the member agency.

Currently, JPIA's MOWC is silent on this issue; therefore, it is staff's recommendation that clarifying language be added to the definition of "Volunteers" in "Section I – Definitions" of the MOWC.

M/S/C (Bockmiller/Kunde) (Bockmiller-Yes; Drake-Yes; Kunde-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve the Memorandum of Workers' Compensation Coverage, as revised, to be effective July 1, 2022.

#### Workers' Compensation Excess Insurance Renewal Proposal

Ms. Beatty stated that the Workers' Compensation Program renews on July 1, 2022, with the primary pooled layer as well as one excess carrier, Safety National, who provides Statutory limits above the pool's \$2 million retention.

Ms. Beatty declared that Safety National has been a good partner and has provided the JPIA with favorable rates. For reference, during a four-year period, 2017-2020, staff secured multi-year rates from Safety National. In 2021-2022, with the onset of COVID and uncertainty of its potential impact to claims experience, Safety National ceased offering multi-year deals to its clients and instead offered the JPIA a one-year renewal with a 7% rate increase.

For the 2022-23 policy year, Safety National has offered a flat renewal rate of \$0.0865 per \$100 of payroll rate. Additionally, since JPIA's claims experience continues to be stable and COVID did not affect claims in frequency or severity, a multi-year deal rate was secured for the 2023-2024 term falling between a 0%-2.5% increase, subject to conditions as noted in their Program Commitment Agreement. Mr. Tokar from Aon noted that currently the typical renewal rates in the marketplace are not flat but have increased, and with current challenges, it is an exception/rarity for the carriers to provide a flat rate along with a multi-year deal rate. JPIA's satisfactory loss history trends and potential strategy of the JPIA have aided in securing these terms.

M/S/C (Kunde/Wheaton) (Bockmiller-Yes; Drake-Yes; Kunde-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve Safety National's excess renewal terms as presented with an effective date of July 1, 2022.

### Renewal Pricing

Mr. deBernardi reported that the Workers' Compensation Program renews on July 1, 2022. He discussed rate by class codes, and how different classifications show varying levels of risk. The projected payrolls are multiplied by these rates to determine what the premiums will be for the Worker's Compensation Program. These are contributing factors to accurate class code implementation: review the 5-year loss history by class code, percentage of loss per class code and allocation of the percentage of premium per class code. The percentage of losses is compared to the percentages of premium for each class code. If the percentage of losses is within a 5% of the projected premium rates, this is an indicator that the class codes are appropriate.

Mr. deBernardi presented three program rate options for consideration. He welcomed Committee feedback and suggestions.

**Option 1** shows budgeted numbers with no price change. If all estimates are correct under this pricing, members would receive \$2.5 million in refunds (line 2). The reason for such a favorable dollar amount is due to the reduced loss rate obtained from the JPIA third party actuary. The estimated loss rate per \$100 of payroll went from \$1.29 in policy year 2021-2022 to \$1.23 for policy year 2022-2023. This amounts to nearly a 5% decrease.

**Option 2** displays pricing with a 10% decrease in all class code rates. Under this pricing scenario members would potentially have \$1.1 million in refunds to them (line 2).

**Option 3** presents pricing with a 5% decrease. Under this pricing members would be returned \$1.8 million in refunds.

State legislation continues to be the biggest factor in potentially adversely affecting future costs.

Staff recommended Option 3, a 5% decrease to the pricing for the Workers' Compensation Program due to the overall increases in coverage rates in the marketplace, but expressed that we are open to all options presented. Much discussion was held among the Committee Members expressing how the change in rates would impact agencies from both a community and pooled membership perspective.

M/S/C (Bockmiller/Drake) (Bockmiller-Yes; Drake-Yes; Kunde-No; Quady-Yes; Wheaton-No): That the Workers' Compensation Program Committee recommends that the Executive Committee approve Option 1, no price change for the Workers' Compensation Program, policy year July 1, 2022.

#### Update on AME / QME Fee Schedule Changes and Cost Impacts

Ms. Tucker updated the Committee on the new fee schedule that came in effect on April 1, 2021 and the obstacles now posed in processing a claim. Medical legal fee schedule costs have increased, but not every claim requires a medical legal evaluation. Medical legal evaluation is based upon compensability, permanent disability or future medical evaluation.

When reviewing claims data since 2018 to present date, we see increases in Medical fees paid. However, the numbers were skewed in the 2020-21 policy year due to Covid and medical exams not taking place. Ms. Tucker provided examples of the effects of the pricing structure change. From policy year 2020-21, there were 59 medical legal payments made. In 2021-22 policy year, 109 medical legal payments have been made, almost double the amount of 2020-21. In addition, there has been a 24% increase in the average cost per claim for 2021-22 policy year.

The implementation of the new fee schedule has increased the fees for an initial exam to \$2,015, which includes review of 200 documents; thereafter, the physician can charge \$3.00 per page. Ms. Tucker provided examples showing how review of records can exponentially increase the cost of a claim. In addition, July 1, 2022 medical mileage will be going up for injured workers who drive to medical appointments and for photocopy services. As all these costs factor in and compound, these increases will continue to impact the total incurred value that is reflected on our claim files.

#### Claims Reporting Kit Updates

Mr. deBernardi updated the Committee on claims reporting modules. JPIA currently uses iVOS. Software modules were introduced to the Claims Departments, and they were positively received. JPIA's current target date for testing will be in August. Ms. Tucker also relayed that Workers' Compensation member reporting would remain the same. JPIA has fillable claims' reporting forms on our website – [www.acwajpia.com](http://www.acwajpia.com).

#### CEO Update

Mr. Sells provided an update regarding the transition to in-person for Committee Meetings and other attended events.

### **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 2:55 p.m.