



Approved minutes 6/20/2022

Workers' Compensation Program Committee Meeting

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

June 14, 2021

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

MEMBERS PRESENT

Chairman: David Drake, Rincon del Diablo Municipal Water District
Vice-chair: Thomas A. Cuquet, South Sutter Water District
Traci Hart, Soquel Creek Water District
Robert Kunde, Wheeler Ridge-Maricopa Water Storage District
Eva Plajzer, Rancho California Water District
Scott Quady, Calleguas Municipal Water District
David Wheaton, Citrus Heights Water District

MEMBERS ABSENT

Rick Gilmore, Byron-Bethany Irrigation District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
Ginny Bolan, Administrative Assistant II
Kristan Brown, Administrative Assistant II (Recording Secretary)
Chimene Camacho, Executive Assistant to the CEO
David deBernardi, Director of Finance
Robin Flint, Risk Control Manager
Robert Greenfield, General Counsel
Debbie Kyburz, Lead Member Services Representative
Jillian Sciancalepore, Administrative Assistant II
Patricia Slaven, Director of Human Resources and Administration
Sandra Smith, Employee Benefits Manager
Dan Steele, Finance Manager
Karen Thesing, Director of Insurance Services
Melody Tucker, Workers' Compensation Claims Manager
Chuck Wagenseller, Cost Estimator/Risk Control Advisor

OTHERS IN ATTENDANCE

Fred R. Bockmiller, Mesa Water District
E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency

Brent Hasteley, Yuba Water Agency
Melody A. McDonald, San Bernardino Valley Water Conservation District
Randall Reed, Cucamonga Valley Water District
J. Bruce Rupp, Humboldt Bay Municipal Water District
Pamela Tobin, San Juan Water District, ACWA VP

WELCOME

Chairman Drake welcomed everyone.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Drake called the meeting to order at 8:30 a.m. He announced there was a quorum.

ANNOUNCEMENT RECORDING OF MINUTES

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

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

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

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

CONSENT AGENDA

Approval of the minutes

Chairman Drake called for approval of the May 28, 2020 minutes.

M/S/C (Plajzer/Cuquet) (Cuquet-Yes; Drake-Yes; Hart-Yes; Kunde-Yes; Plajzer-Yes; Quady-Yes; Wheaton-Abstain): That the Workers' Compensation Program Committee approve the minutes of the May 28, 2020 as presented.

Meeting attended on behalf of the JPIA

None reported.

LOSS REPORTS

Review Claims Data

Mr. Sells expressed that the Workers' Compensation Program is a bright spot for the JPIA showing favorable claims history with no significant losses. With the start of the 2020-21 policy year, COVID-19 affected all workplaces with a considerable number of employees working from home. During this time JPIA Workers' Compensation claims were minimal. Currently, as the Agencies' employees are coming back into the field, there has been a small increase in claims.

The Committee Members discussed the impact of a work from home environment and asked for guidance on offsite workplace safety and ergonomic evaluations.

JPIA's Risk Management team and training programs have emphasized workplace safety and management over the last several years. Members dedication to safety procedures has produced a downward trend in number of claims, suggesting that this emphasis is working.

MEMBERSHIP

Ms. Thesing stated that for the 2020-21 coverage year, Otay Water District, Tuolumne Utilities District, and Grassland Basin Authority have joined the Workers' Compensation Program.

The Program has 200 members with a combined payroll nearing \$700,000,000.

For the 2021-22 coverage year, San Bernardino Valley Municipal Water District and San Diego County Water Authority are interested in joining the Workers' Compensation Program.

Las Virgenes Municipal Water District, Twentynine Palms Water District and Yorba Linda Water District have rescinded their intents to withdraw for the July 1, 2021 renewal.

NEW BUSINESS

Memorandum of Workers' Compensation Coverage

Ms. Thesing reported that the Workers' Compensation Committee annually reviews and recommends for approval the Memorandum of Workers' Compensation Coverage. There are no changes to the Memorandum for the upcoming program year.

M/S/C (Plajzer/Wheaton) (Cuquet-Yes; Drake-Yes; Hart-Yes; Kunde-Yes; Plajzer-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve the Memorandum of Workers' Compensation Coverage, effective July 1, 2021.

Workers' Compensation Excess Insurance Renewal Proposal

Ms. Thesing explained that over the past four years, Safety National has provided the JPIA's excess Workers' Compensation coverage. Due to the current state of market, public agencies with a good claims history have seen a 10%-15% rate increases for Workers' Compensation coverage. JPIA's favorable claims history and relationship with Safety National has secured a 7% rate increase - \$0.0865 per \$100 of payroll for the 2021-22 coverage year.

The Workers' Compensation Program maintains a \$2 million self-insured layer and then purchases Statutory limits through the excess workers' compensation market.

M/S/C (Cuquet/Quady) (Cuquet-Yes; Drake-Yes; Hart-Yes; Kunde-Yes; Plajzer-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, 2021.

Senate Bill 335

Ms. Tucker discussed the new proposed Senate Bill 335 (SB335) and the repercussions of the bill if it passes. SB 335 would require compensability to be determined within 45 days rather than the current 90 day statutory window. Additionally, compensability must be determined within 30 days for employees who are alleging claims which fall under presumptions for firefighters or peace officers. This new time frame becomes problematic when Qualified Medical Evaluators (QME) have a different timeline, 60 days for scheduling evaluation and 30 days to provide reports. JPIA staff rely on these reports for processing the claims. If the QME report is not received by the 45 day mark, the claim may be denied, which in turn could increase litigation and claims costs and impact the injured worker.

SB 335 would also increase the maximum amount of medical treatment from \$10,000 to \$17,000 during the delay period.

SB 335 passed "in committee" on May 20, moves to the third reading and then a vote with the entire Senate. JPIA's Workers' Compensation Department will continue to monitor this bill and report back to this committee with the results.

AME / QME Fee Schedule Changes

Ms. Tucker informed the Committee of the new fee schedule and the complications now posed in processing a claim. Effective April 1, 2021, a new AME / QME fee schedule was developed and approved. This 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.

For litigated claims JPIA's defense attorneys review all records, including those obtained with a subpoena or from the applicant's attorney, to determine if they should

be sent to the evaluating physician. With the new implemented fee of \$3.00 per page after the first 200 pages, additional fees will mount for the attorney or paralegal to perform this task.

Lastly, the new fee schedule includes base fees with potential add-ons and these add-ons can be stacked. Examples include the following: Interpreter increase by 10%, Agreed Medical Evaluator (AME) increase by 35%, Psychologist/Psychiatrist increase by 100% and Toxicologist/Oncologist increase by 50%.

These increases will increase the total incurred value that is reflected on our claim files.

Renewal Pricing

Mr. deBernardi reported that the Workers' Compensation Program renews on July 1, 2021 and presented two 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 \$2.068 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 \$1.41 in policy year 2020-2021 to \$1.29 for policy year 2021-2022. This amounts to nearly a 10% decrease!

Option 2 displays pricing with a 10% decrease in all class code rates. Under this pricing scenario members would potentially have \$708,000 in refunds to them (line 2).

With the uncertainty of the state legislation in play, JPIA staff is concerned about an unfavorable financial impact on the Workers' Compensation Program.

A motion was presented by the Workers' Compensation Committee to reduce Workers' Compensation Program rates by 5% for the 2021-22 policy year.

M/S/C (Kunde/Plajzer) (Cuquet-No; Drake-No; Hart-No; Kunde-Yes; Plajzer-Yes; Quady-No; Wheaton-No): That the Workers' Compensation Program Committee recommends that the Executive Committee approve a reduced rate of 5% for the Workers' Compensation Program, policy year July 1, 2021. Motion failed.

A second motion presented with no change in rates for Workers' Compensation Program for the 2021-22 policy year.

M/S/C (Cuquet/Wheaton) (Cuquet-Yes; Drake-Yes; Hart-Yes; Kunde-Yes; Plajzer-Yes; Quady-Yes; Wheaton-Yes): That the Workers' Compensation Program Committee recommends that the Executive Committee approve no changes to the pricing for the Workers' Compensation Program, policy year 7/1/21-22.

CEO Update

Mr. Sells provided an update workers' compensation about work policy. Staff has the option to work remotely (home office) two days a week with the other three days in the workplace. In addition, the Risk Management team is in the process of returning to the field for Member visits and are in the process of setting up ergonomic sessions online for Members' employees working remotely.

Mr. Sells discussed the new computer system platform called Policy and its potential in the future for virtual interface with JPIA's Members.

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 9:55 a.m.