



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, August 22, 2019 at 8:30 a.m.

**YCPARMIA
77 W. LINCOLN AVE.
WOODLAND, CA 95695**

1. Call to Order
2. Approval of Agenda
3. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON ANY MATTER WHETHER OR NOT IT IS ON THE AGENDA, BUT STATE LAW PROHIBITS ACTION BY THE BOARD ON NONAGENDA ITEMS
4. Communications
 - A. Board Members
 - B. CEO/Risk Manager
 - C. Next Meeting
5. Consent Calendar
 - A. Approval of Minutes
6. Action Item
 - A. Cordico Six-Month Update Report
 - B. Approval of revised YCPARMIA Travel Policy
7. Information Items
 - A. The Yolo Local Agency Formation Commission (LAFCo) Report
 - B. End of Year Quarterly Statement of Revenues, Expenses, and Retained Earnings
 - C. End of Year Budget Variance
 - D. YCPARMIA Investment Statement
 - E. Workers' Comp Monthly Summary
 - F. Workers' Compensation Severity Report
 - G. Notification of New Claims Received Since the Previous Board Meeting
 - H. Closed Liability Files
 - I. Certificates Issued

The meeting room is wheelchair accessible and disabled parking is available. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact our office at (530) 666-4456 or Fax (530) 666-4491. Requests for such modifications or accommodations must be made at least 48 hours before the start of the meeting.

J. Strategic Planning

8. Closed Session

- A. YCPARMIA General Counsel
- B. CEO/Risk Manager Performance Goals

Yolo County Public Agency Risk
Management Insurance Authority

COMMUNICATIONS
Agenda Item 4B
August 22, 2019

SUBJECT: CEO/Risk Manager's Report

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:

1. CAJPA is scheduled for September 10-13, 2019 in South Lake Tahoe; reservations have been made at the Lake Tahoe Resort for those attending. Confirmations were sent to attendees via email on Friday, August 2.
2. PARMA is scheduled for February 25-28, 2020 in Monterey. Please contact Lily if you are interested in attending.
3. The auditors from Crowe, LLP are scheduled to be onsite the week of August 26 for our annual financial audit. We anticipate receiving the findings of the audit some time in late September or early October.
4. YCPARMIA has been awarded, for the 12th consecutive year, the Certificate of Achievement for Excellence in Financial Reporting for FY1718. (CAFR)
5. YCPARMIA has been awarded, for the 2nd consecutive year, the Award for Outstanding Achievement in Popular Annual Financial Reporting for FY1718. (PAFR)
6. Upcoming "Workers' Compensation 101" sessions
7. Introducing "Non-litigated claims real time database"
8. Workers' Compensation Wellness Nurse Search Update

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

COMMUNICATIONS
Agenda Item 4C
August 22, 2019

SUBJECT: Next Meeting

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:

The upcoming Board meetings for 2019 are as follows:

- Thursday, October 24, 2019, at 8:30 a.m.
- Thursday, December 12, 2019, at 8:30 a.m.

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

CONSENT CALENDAR
Agenda Item 5A
August 22, 2019

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting
of June 27, 2019 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting on June 27, 2019
for your review.

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

ACTION ITEM
Agenda Item 6A
August 22, 2019

SUBJECT: **Cordico Six-Month Update Report**

RECOMMENDED ACTION: That the Board review and accept the attached semi-annual report from Cordico.

BACKGROUND INFORMATION:

Historically, YCPARMIA has provided a wellness program specifically designed for public safety personnel. While a variety of services are included in the program, EAP services are from providers experienced in dealing with the unique exposures growing out of public safety. It is hoped that these services keep employees on the job, and mitigate our workers' compensation and liability exposures by addressing problems before they manifest themselves as claims. Additionally, Cordico provides EAP services for Esparto and YCPARMIA under the current contract.

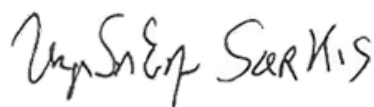
To assist the Board in monitoring Cordico's performance, a semi-annual report is provided by the vendor; the latest report pertaining February to July 2109 is attached. During its June 2019 meeting, the Board approved a 15% rate increase for Cordico's basic services due to increased usage. Overall, feedback from departments regarding Cordico's service and responsiveness remains good.

It is, however, difficult to measure the value of the services provided under this contract. The required pre-employment psychological examinations are probably the most objective measurement, and one of the most important elements there is turn-around-time. During the first 6 months of this year Cordico conducted 31 pre-employment psychological examinations, which is fewer than last year's 60 exams. A second area, EAP use continues to reflect acceptance and use by member staff—this has remained constant. A third area is post-incident crisis debriefing; Cordico has always been immediately available for these occurrences. An indirect measurement might be the number of workers' comp psyche claims – very few for the collective membership; this attests to the fact that treatment within the Cordico program saves us money on the WC side where we would normally pay for treatment.

FISCAL IMPACT:

There is no anticipated cost associated with the recommended action.

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

ACTION ITEM
Agenda Item 6B
August 22, 2019

SUBJECT: Approval of revised YCPARMIA Travel
Policy

RECOMMENDED ACTION: That the Board review and accept the updated
YCPARMIA Travel Reimbursement Policy.

BACKGROUND INFORMATION:

In 1992 the YCPARMIA Board of Directors adopted a Travel, Meeting, And Business Expense Reimbursement Policy (the Policy). Since that time, the policy has been reviewed and revised four times.

In order to provide additional clarification on the Policy and to ensure its compliance with IRS rules and regulations regarding business/travel reimbursement, we recommend that following changes to the Policy be reviewed and approved by the Board:

1. Added sections and language for clarification
 - a. Travel Coordinator – new section to provide clarification on authorized personnel.
 - b. Government and Group Rates – new section to provide guidelines on using the most cost-effective methods of travel available.
 - c. Lodging – new section to provide clarification on lodging reimbursement requirements and limits.
 - d. Exclusions – this information is presented in previous policy. Reorganized and put in its own category.
2. Meals: removed “plus 50%”. Guidelines are now the listed flat rate (or government approved per diem rate, when applicable).
3. Other travel: added rideshare services and provided clarification on when authorization is required.
4. Mileage: reimbursement capped at \$300.

FISCAL IMPACT:

There is no anticipated cost associated with the recommended action.

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

INFORMATION ITEM
Agenda Item 7A
August 22, 2019

SUBJECT: Yolo Local Agency Formation Commission
(LAFCo) Report

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Yolo County Local Agency Formation Commission (LAFCo), a member Agency of YCPARMIA, has been requested by the cities and Yolo County to provide Municipal Service Reviews (MSRs) of Joint Powers Agencies/Authorities (JPAs) in the county. While MSRs are not legally required of JPAs, LAFCo conducted a “JPA Services Review” for YCPARMIA in Spring 2019, the purpose of which was to provide a comprehensive inventory and analysis of the services provided by YCPARMIA, its service area, and evaluation of the finances, structure and operation of YCPARMIA and discuss possible areas for improvement and coordination. A draft copy of LAFCo’s comprehensive checklist-style JPA Services Review for YCPARMIA is attached.

JPA Review checklist included 25 questions and evaluations organized into 6 categories. LAFCo’s review determined 20 “No” answers to those questions, meaning no significant risk or issue were detected for those 20 questions. It also included four (4) “maybe” determinations which generally point out to potential opportunities and impacts on YCPARMIA. For example, should the population of the County grow as expected, it’s possible that claim volume received and processed by YCPARMIA may grow as well, requiring YCPARMIA to increase claim investigation staff.

The draft review contained only one (1) “yes” determination as noted below, which was regarding its website’s public transparency.

Does the organization need to improve its public transparency via a website? [A website should contain at a minimum the following information: organization mission/description/boundary, Board members, staff, meeting schedule/agendas/minutes, budget, revenue sources including fees for services (if applicable), and audit reports]?

Determination:

Yes. YCPARMIA received a 26% transparency score in the Yolo Local Government 2018 Website Transparency Scorecard report. The JPA’s information deficiencies can be viewed here: <https://www.yololafco.org/yolo-local-government-website-transparency-scorecards> I will continue to research and study above mentioned determination and will make sure to implement enhancements which can be achieved in the short term without incurring additional costs. I will also incorporate transparency enhancing modifications into future projects related to our website. My recommendation is to upgrade YCPARMIA’s website to comply with existing ADA

Yolo County Public Agency Risk
Management Insurance Authority

accessibility standards. This is a large and costly project that I will conduct research on within the next few weeks and will report back to the Board with my findings and recommendations.

Respectfully submitted,

A handwritten signature in black ink that reads "Armond Sarkis". The signature is written in a cursive, slightly slanted style.

Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

INFORMATION ITEM
Agenda Item 7B
August 22, 2019

SUBJECT: **End of Year Quarterly Statement of
Revenues, Expenses, and Retained
Earnings**

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

YCPARMIA finished the year in a minor deficit after accounting for the program confidence margins and catastrophic funds. However, overall net position improved by approximately \$2.1M from the previous year. This report reflects unaudited year-end program results (which do not include audit adjustments and unreported fourth quarter LAIF results). It includes the actuarial determined program reserve adjustments from the Actuary Study accepted and approved by the Board at their March 2019 meeting. There were no Board approved rebate credits.

The bottom line of the report indicates YCPARMIA ended the fiscal year fully funded in all programs with the exception of the Workers' Comp program which has a shortfall in the catastrophic fund only (60% funded).

The goal for FY19/20 is to return all programs to fully funded status while keeping premiums stable.

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
Agenda Item 7C
August 22, 2019

SUBJECT: **End of Year Budget Variance**

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

The Board's oversight of YCPARMIA includes a mandated budget process with the Board adopting a budget for the Authority in the spring of each year. YCPARMIA's financial position is largely determined by two interrelated sets of numbers:

- Premium trends – what we are costing our members, and
- Program reserves – do we have enough money to meet our financial obligations.

YCPARMIA's budget is integrated into both. Our ability to operate within budget should lead to stable funding and adequate reserves.

Attached is the unaudited end-of-the-year Profit & Loss Budget vs. Actual report. This report allows the Board to analyze last year's performance against budget, and to address variances where we went over budgeted expenses. A final audited year-end report for FY 2018-2019 will be presented to the Board at the October meeting.

It is essential to note that there are significant elements in our financial operations that are not budgeted but have a profound impact on our overall performance. Chief among these are the actuarial determined adjustments to our program reserves (\$1,062,764 this year), dividend/premium rebate credits (\$0 this year) declared by the Board at the June meeting, depreciation expense and OPEB/pension expense.

The YCPARMIA budget, generally approved by the Board at its March meeting, is made up of three sections:

- Revenues
- Administrative and Service Expense (12.7% of total expenses), and
- Coverage Expense (87.3% of total expenses).

Taken as a whole:

- Revenues came in over expected (106% of budget) due to increases in investment earnings; and
- Expenses came in at 104% of budget (n.b. this figure does not include fiscal year end audit adjustments).
 - Additional unbudgeted expenses:
 - Actuarially mandated program reserve adjustments: \$1,062,764
 - Depreciation expense: \$5,136

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- The budget had a net ordinary income (surplus of revenue generated by our premium formulas over expenses established by the Board approved budget) built in to it of \$1,862,030. End-of-the-year results come in at \$2,101,536 or 113% of budget.

In FY18/19, performance against budget resulted in YCPARMIA ending the fiscal year with Liability, Property, and Fidelity programs fully funded to Board approved levels (program reserves, confidence margin, and catastrophic funds).

INCOME

Income figures are not yet complete as we are still waiting for end-of-the-year LAIF figures, but we do not anticipate significant movement. At this point, we are at 106% or \$599,677 above the budget due to increases in investment earnings on both LAIF and Chandler.

EXPENSE

Expense is made up of two budgeted areas: Administrative and Service Expense and Coverage Expense. Staff is able to directly impact performance on Administrative and Service Expense, but control on Coverage Expense is more difficult and indirect – the variables of the frequency and severity of claims, timing in the claim process, and the costs imposed by our excess providers all impact Coverage results.

ADMINISTRATIVE AND SERVICE EXPENSE: came in at 94.4% of budget.

Human Resources: came in at 95.2% of budget. Accounts that were overrun were offset by others that came in under budget. This was due to recent staffing changes (new CEO and Staff Investigator), which also influenced tax accounts and retirement/benefits paid.

Supplies and Services: came in at 101.8%, or about \$608 over budget. Exceeded costs were due to advertising costs linked to the CEO, Staff Investigator, and Administrative Assistant recruitments, information technology, blue binder updates (due to staff/Board changes), bank service charges and general office supplies.

Contractual Services: came in at 105% of budget. There were a few accounts where we saw budget exceeded. The first was Financial Audit; we originally budgeted for \$17k but fees increased by \$500 for FY1819. Actuarial Services were due to the addition of the OPEB actuarial report which is required for GASB 75 compliance. Equipment maintenance increased due to the need of outside IT support, and Professional/Contractual Services which are linked to the CEO recruitment with CPS.

Loss Prevention: came in at 64.4% of budget due to City of Davis training brought back in-house and cancellation of the OccuMed contract.

Staff Development: came in at 94.5% of budget. Lower than budgeted attendance at conferences drove expenses down.

Capital Expenditures: came in at 4.2% of budget.

COVERAGE EXPENSE: came in at 108.6% of budget driven primarily by claims expenses and unbudgeted actuarial determined program reserves.

Yolo County Public Agency Risk Management Insurance Authority

Liability: came in at 86% of budget, or 98% if we include the unbudgeted loss reserve adjustment. All expenses came in under budget, including claims paid and excess premiums.

Workers' Compensation: came in at 103% of budget, or 119.5% including the loss reserve adjustment. Excess costs, claim payments, and state assessment all exceeded budget.

Property: came in at 87.5% of budget due to recovery of the Port surcharge. We have received two payments from the Port and set up a repayment plan agreement for the remaining balance.

Fidelity: came in at 69.7% of budget. There were no reported fidelity claims this year

Total Expenses (including the pass thru account) came in at 104% of budget primarily due to adverse claim costs, increase in excess premiums, actuary reserves and the CEO recruitment.

NET INCOME: Net income (revenue less expenses) was budgeted at \$1,862,030; our actual results came in at 113% or \$2,101,536. We anticipate that we will return to a fully funded status across all four (4) programs by the end of FY19/20.

Respectfully submitted,

A handwritten signature in black ink that reads "Armond Sarkis". The signature is written in a cursive, slightly slanted style.

Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

INFORMATION ITEM
Agenda Item 7D
August 22, 2019

SUBJECT: YCPARMIA Investment Statement
RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through June 30, 2019 for your review.

For your information:

		<u>Investment Statement</u>
<i>LAIF</i>	\$	<i>no report</i>
Chandler as of 6/30/2019:	\$	14,477,350

For your information:

		<u>Outstanding Reserves</u>
Total as of 6/30/2018:	\$	6,767,771
Total as of 6/30/2019:	\$	7,875,801

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

INFORMATION ITEM
Agenda Item 7E
August 22, 2019

SUBJECT: **Workers' Comp Monthly Summary**

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is the end-of-the-fiscal-year Worker's Compensation loss run summary, and additional frequency and severity analytical reports. Overall, It would be fair to conclude that we have experienced an average year.

The program has very general goals based on our trends over the last few years:

- Frequency: 32 injuries a month, matching the last five year average of 32 claims. .
- Severity: Only 15%, or 58 claims, received during the fiscal year were classified as indemnity claims, which is well under our unofficial goal of under 20% of new injuries.
- Open files: 269 claims were open at the conclusion of the fiscal year, this is better than our unofficial stated goal of under 300 open claims.
- Monthly benefits: \$272,891, which is lower than preceding year figure of \$278,702.
- Future Reserves: \$6.7M.

Frequency: 385 injuries were reported to LWP this year, or an average of 32 per month; this is inline with historical averages.

Severity: Of the 385 injuries, 58 were set up as indemnity, 323, or 84% of the total, were set up as "medical only", and 4 were reclassified as "future medical". Only 16 files had TD or PD reserves, which is a great result. Note, these are the number of claims, but do not measure the seriousness of each claim, so we are still talking about frequency by type more than severity.

Open inventory: We ended the year with 269 open claims (218 indemnity, and 51 med only). This is down from the 289 at the end of last year, and 332 the year before. This is an indication of an outstanding performance by LWP, diligently working towards closing files. One of the areas that continues tracking upward is future medical files which is to be expected as each year produces new lifetime medical files.

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Monthly benefits: We averaged \$272,891 this fiscal year. This includes \$4,540 of 4850 differential, which is not paid out of the Pool money. It can be subtracted as this amount the employers cover themselves. If we take that figure out, the monthly average drops to \$268,351. That is still up from the \$262K and \$225K of the previous two years. A further breakdown of the payments for the year are as follows

- Temporary Disability: \$524,834;
- Permanent Disability: \$892,420;
- Medical Costs: \$1,583,099;
- Vocational Rehab: \$12,767; and
- File expense: \$261,574 (driven by sub rosa).

In the coming months YCPARMIA will continue to focus on temporary disability costs. As a practical matter, there is no other benefit class that the employer has more control over.

Future Reserves: \$6,721,478, or about \$1 million more than last year (and well down from the \$8.5M that reserves were at in 2013). Future reserves represent the monies that we anticipate will be spent on existing claims going forward. An uptick in future reserves is indicative of addition of new fiscal year's risks, and can swing based on types and mix of received claims during the year. Since the risk pool is comprised of small numbers, future reserves figures are vulnerable to catastrophic claims causing significant spikes.

In Summary: With average monthly benefits almost flat, and future reserves up, we have a program which shows mixed results and is pointing to possibly higher costs, and it may have some negative impact on our actuarial study. However, a single year uptick does not necessarily confirm a trend higher for years to come. It must also be remembered that we are looking at legislatively mandated benefit inflation – other variables aside, future claims will cost more than current claims, and the actuary study will consider those factors. Regardless of how good the work of staff -- yours, LWP, and YCPARMIA's -- the only way to control and reduce YCPARMIA's workers' compensation costs is to reduce the number of new claims. Even then, with future medical files that remain open for life will influence results continuing payments on past claims.

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

INFORMATION ITEM
Agenda Item 7F
August 22, 2019

SUBJECT: **Workers' Compensation Severity Report**

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Frequency and severity are two measurements of a claim's program's performance. While we regularly provide the Board with claims numbers for our workers' compensation program, the severity element is analyzed by claims numbers categorized in dollar ranges (brackets).

This report breaks down those claim numbers into dollar ranges. During the fiscal year:

- 109 claims were closed with no treatment and no costs;
- 161 claims were closed with minimal treatment and cost totaling less than \$1,000.
- We received one single large claim during the fiscal year, which we were able to successfully close, costing a total of \$157,503.
- We received 46 claims, which are still open and active, which are valued over \$5k, 6 of which are valued over \$50k. These claims include 5 that are valued over \$100k. Officer Corona's file is among those.

A word of caution: the last few years are still vulnerable to adverse claim development; there will be some bad surprises coming out of those years as the claims continue to mature. The bottom line shows the number of claims currently open for the program years. It is not uncommon for the remaining open files to be the more expensive files as we address lifetime medical benefits.

The difference between a "good" claims year, and a "bad" claims year is the number of claims in the top three categories – over \$50K. As a historical reference, FY 08/09 had ten claims with incurred over \$100K, while FY 14/15 had none. Total incurred in 08/09 was over \$3.1M while in 14/15 it was only \$1.5M. This suggests that the absence of a very few large claims has significant impact on program cost for any given year.

In summary, we can anticipate about 400 claims a year. Of those, we will average about 10 "bad" claims, but about 300 claims under \$1K. Our numbers are small enough that a few claims in any category can cause a significant shift, one way or the other, in our total exposure.

Yolo County Public Agency Risk Management Insurance Authority

On the theory that frequency breeds severity, avoiding a few claims through loss prevention/safety efforts will potentially impact severity in all the categories. We are dealing with relatively small numbers, so removing a very few claims from our yearly average could have a significant impact on the overall exposure.

Respectfully submitted,

A handwritten signature in black ink that reads "Armond Sarkis". The signature is written in a cursive, slightly slanted style.

Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

INFORMATION ITEM

Agenda Item 7G

August 22, 2019

SUBJECT: **Notification of New Claims Received
Since the Previous Board Meeting**

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is a list of new Liability claims that have been received by YCPARMIA since the last Board meeting. For your convenience, we have also included a list of all open Liability claims.

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

INFORMATION ITEM
Agenda Item 7H
August 22, 2019

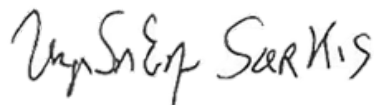
SUBJECT: **Closed Liability Files**

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is our report on closed liability files. Recognizing that this agenda is a public document, it should be emphasized that the information provided is general. It is probable during the course of the year, that some files that close with a denial will re-open for litigation.

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

INFORMATION ITEM
Agenda Item 71
August 22, 2019

SUBJECT: **Certificates Issued**

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is a list of the certificates that have been issued since the last Board Meeting.

Respectfully submitted,



Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

INFORMATION ITEM

Agenda Item 7J

August 22, 2019

SUBJECT: Strategic Planning


RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

This agenda item is intended to allow the Board to discuss trends, actions, future risk management plans, and to direct YCPARMIA staff as needed.

At the request of the Board President, there will be a closed session in this agenda to discuss the evaluation process for the CEO/Risk Manager.

Respectfully submitted,

Handwritten signature of Armond Sarkis in black ink.

Armond Sarkis
CEO/Risk Manager

Yolo County Public Agency Risk
Management Insurance Authority

CLOSED SESSION
Agenda Item 8A
August 22, 2019

Closed Session

- A. YCPARMIA General Counsel
- B. CEO/Risk Manager Performance Goals