



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, August 22, 2013 at 9:30 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 Items
 - A. Arden Psychological Services – Semi-Annual Report
 - B. Resolution of Appreciation to Vicki Facciuto
7. Information Items
 - A. YCPARMIA Financial Report
 - B. YCPARMIA Investment Statement
 - C. Notification of New Claims Received Since the Previous Board Meeting
 - D. Closed Liability Files
 - E. Workers' Compensation Loss Run Summary – June 30, 2013

- F. Estimated Quarterly Statement of Revenues, Expenses and Retained Earnings
- G. Certificates Issued
- H. End of the Year Budget Variance
- I. Strategic Planning

8. Closed Session

- A. Unrepresented Employees: Miscellaneous Employees
(CG54957.6)



Yolo County Public Agency Risk Management Insurance Authority

COMMUNICATIONS
AGENDA ITEM NO. 4B

DATE: August 22, 2013

SUBJECT: CEO/Risk Manager's Report

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:

The CEO/Risk Manager will be reporting on the following items:

1. CAJPA's fall conference is scheduled to start on September 10th in South Lake Tahoe; for those that have committed to attend, reservation confirmations will be provided before the end of this month.
2. PARMA is scheduled for February in San Jose.
3. Our new WC nurse, Lorene Leathers, started yesterday, and will be introduced to the Board at this meeting.
4. The YCPARMIA building is approaching its 25th year – as is its paint and carpet. We are currently getting cost estimates for repainting the interior and re-carpeting, and will be budgeting to build a fund over the next few years to pay for these unusual maintenance items.
5. The YCPARMIA annual financial audit was conducted in late July – the report is expected towards the end of this month; the audit will be presented to the Board at its October meeting for review and consideration. Following that – at the Board's direction – we will prepare an RFP for next year's audit.
6. We will be scheduling one-hour trainings in LWP's claim system for late September. We will also be scheduling formal WC file reviews at member locations starting in November.
7. We have now completed our first month with the new claims administrator; service is responsive and professional – as promised. The transition from York to LWP was rocky – there were a number of problems in the transfer of the electronic files that disrupted the work of both the new LWP examiners and YCPARMIA staff.
8. YCPARMIA is currently exploring a recommended HR service to review and update our Personnel Manual, and will be bring a proposal back to the Board for consideration.
9. We wish to commend and recommend the Sheriff Department's "Below 100" program for your consideration. By enforcing existing departmental policies they have basically

done away with auto liability exposures. Interested departments can contact Captain Cecchetti for information.

10. Sheila McShane has been appointed as Woodland's new director; Kim McKinney has returned to her role as alternate. Both Sheila and Gary Engel (Yolo alternate) need to go through the Board mandated orientation.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

COMMUNICATIONS
AGENDA ITEM NO. 4C

DATE: August 22, 2013

SUBJECT: Next Meeting

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:

The following are items we anticipate will be agendized for our next Board meeting:

DATE: October 24, 2013

- Annual Financial Audit

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: August 22, 2013

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of June 27, 2013 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for June 27, 2013 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6A</u>
	DATE: <u>August 22, 2013</u>
SUBJECT:	Arden Psychological Services – Semi-Annual Report
RECOMMENDED ACTION:	That the Board review and accept the semi-annual report from Arden Psychological Services.

BACKGROUND INFORMATION:

Attached is the semi-annual report from Arden on activities in our Safety Wellness Program. Services are being utilized, and Arden’s efforts at outreach are consistent. We continue to receive positive feedback from our member agencies.

After a long lull, this report reflects an increase in pre-employment psychological screenings. Interestingly they are not with one particular agency, but instead are across the board.

Another trend that causes some question is the rise in critical incident responses. Historically we usually saw two or three a year. During this reporting period we had four incidents, and that follows the previous six months where we had five. We will have to determine whether the rise is due to increased frequency, or (hopefully) whether it is our collective membership making better use of the offered services.

FISCAL IMPACT:

The recommended action has no anticipated fiscal impact.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6B</u>
	DATE: <u>August 22, 2013</u>
SUBJECT:	Resolution of Appreciation to Vicki Facciuto
RECOMMENDED ACTION:	That the Board review and adopt the attached Resolution of Appreciation for Vicki Facciuto.

BACKGROUND INFORMATION:

The YCPARMIA Board has, in the past, passed a resolution expressing its appreciation for the contributions of retiring employees (Vicki is our fourth) and Board members. A plaque memorializing the resolution is then given to the employee.

The traditional language is on the attached resolution.

FISCAL IMPACT:

There is no fiscal impact associated with this recommended action.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7A</u>
	DATE: <u>August 22, 2013</u>
SUBJECT:	YCPARMIA Financial Report
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA's Financial Report through June 30, 2013 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7B</u>
	DATE: <u>August 22, 2013</u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through June 30, 2013 for your review.

Investment Statement

For your information:

Total as of 6/30/2012:	\$ 14,830,941.00
LAIF as of 6/30/2013:	\$ 3,413,198.18
County Pool:	\$ no report
CHANDLER as of 6/30/2013:	\$ 10,272,395.00

Outstanding Reserves

For your information:

Total as of 6/30/2012:	\$ 9,079,881.00
Total as of 5/31/2013:	\$ 9,468,313.00
Total as of 6/30/2013:	\$ 9,165,805.00

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7C

DATE: August 22, 2013

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,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7D

DATE: August 22, 2013

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,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7E</u>
	DATE: <u>August 22, 2013</u>
SUBJECT:	Workers' Compensation Loss Run Summary – June 30, 2013
RECOMMENDED ACTION:	Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the end of the fiscal-year loss run summary from our prior claims administrator, York.

Summary: 2012-2013 was not a good year. As expected, results deteriorated along with the quality of claims service. The accuracy of information included in the report is highly suspect, and the numbers are distorted by the repeated re-staffing of our files over the last four months of the contract/fiscal-year. While we historically were averaging almost 40 closings a month, the last two months saw those numbers reduced by two-thirds. Files were not being aggressively worked.

Frequency:

The report suggests that there were 321 injuries reported to York; this compares very favorably to 417 in FY 2012/2013. Unfortunately we know that the numbers are wrong as the fiscal year summary report indicates that there were 355 injuries reported. It is also appears that York unilaterally dropped "first-aid" claims from their totals; traditionally these were counted in med-only.

Severity:

Indemnify claims cost more than med-only as we are exposed to TD and/or PD. There were 69 claims coded indemnity during the fiscal year compared to 45 the year before. This is not a good trend, and will have an adverse impact on future reserves for this fiscal year.

Benefits:

Average monthly costs are up to almost \$256K per month, or over \$20,000 per month more than last year. Part of the increase was due to York advancing TD payments for a period into the new contract to avoid disruption and penalties. A note on file expenses: while it looks like there has been a doubling of file expense, recent reforms required that certain medical/legal costs be moved out of medical and into the expense category.

Unfortunately this should result in a reduction in medical costs, but the report indicates that we were marginally higher even after the reclassification.

Future Reserves:

Future reserves have inched down to \$8.4M after staying flat for the last few months at about \$8.5M, but this is \$700K more than reserves at the end of last year. Part of the increase is probably due to staffing changes at York, and a disinclination to work with us in this critical area.

We had anticipated that costs would rise as York phased out, and believe that this has happened. Inventory has risen as fewer files have closed. Less aggressive file handling and diminished communication reflect the constant turnover and lower level of expertise of examiners on our files. We are already seeing a significant improvement in the numbers under our new administrator, LWP.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7F

DATE: August 22, 2013

SUBJECT: Estimated Quarterly Statement of Revenues, Expenses and Retained Earnings

RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:

Attached is the 6/30/13, end-of-the-year Statement of Revenues, Expenses and Retained Earnings. The report reflects the performance and fiscal health of YCPARMIAs various programs. There is an important qualification that should be remembered. The report is impacted by significant unbudgeted, but anticipated items including:

- Program reserve adjustments identified in our annual actuary study; and
- Member cash payment/premium rebates.

Liability

This program ended the year with fully funded program reserves, and a fully funded confidence margin. The Catastrophic Fund is at 96% of its approved level. The end of the year found us with a deficit of \$54,679. This was caused in large part by the unusual expense of the Gutierrez v. Yolo federal trial, the Nelson v. Davis settlement, and the Galvin-Magana v. West Sacramento settlement, along with a \$15K unbudgeted increase in program reserves. While this was an expensive year, it was arguably a good year. Many old exposures were finally concluded, and we start the new year with a greatly diminished exposure. Projecting our current inventory of open files, we anticipate a return to a fully funded position before the end of the first quarter.

Workers' Compensation

The actuary study hit us with almost \$1.5M in unbudgeted program reserve increases, and that amount basically mirrors the change in fund balance that we experienced for the year. In other words, but for the actuary hit we would have had a flat year. The program reserves are fully funded, and the Confidence Margin is funded at about 4% of its approved level; The Catastrophic Fund remains unfunded. We are optimistic that the aggressiveness of the new claims administrator will impact benefit payments, closings and file reserves. This in turn should result in a "better" actuarial report. The goal for this fiscal year is to return to a fully funded Confidence Margin, and then attack the Catastrophic Margin next year.

Property

The property program ended the year fully funded in Program Reserves and Confidence Margin; the Catastrophic Fund is at 72% of its approved level as the result of an \$18K deficit. It should be remembered that we rebated \$150K to members at the end of the year, and also paid over \$38K for property appraisals on our members' "property-in-the-open." Neither of these expenses was budgeted, so the program actually had a very good year. We anticipate that the program will return to fully funded by the end of the first quarter.

Fidelity

The fidelity program is projected to end the year with a surplus of about \$53 after an unbudgeted \$6,300 rebate credit to offset member premium payments.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7G

DATE: August 22, 2013

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,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7H

DATE: August 22, 2013

SUBJECT: End of the Year Budget Variance

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is the un-audited end-of-the-year Profit & Loss Budget vs. Actual report. This report is intended to analyze last year's performance against budget, and to address variances where we went over budgeted expense. Taken as a whole, revenues came in at expected, and expense came in at 125% of budget, but this figure includes unbudgeted expenses for actuarially generated program reserve increases of almost \$1.5M; it also includes an additional \$38K for an unbudgeted property appraisal contract. This means that performance against budgeted expense was really only 4.4% over budget. Specifics follow:

Income:

Income came in a 100.11% of budget. Lower than anticipated investment returns were offset by better than anticipated excess premium rebates.

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, and the costs imposed by our excess providers.

Administrative and Service Expense: came in at 86% of budget; this result, given the unbudgeted cost of the Value Appraisals on members' property-in-the-open, is consistent with previous years' results.

Human Resources: came in at 101.61% (\$13,435 over) of budget. A step increase for an Administrative Analyst, and an inaccurate projection on retirement costs with staff taking over the employees share caused small overages. Additionally, medical premiums came in a bit higher than anticipated.

Supplies and Services: came in at 185.2% of budget. This was a category that took some unique hits last year. Postage was \$423 over budget, but that was all due to notices sent out to injured workers on the change of TPA's. Actuarial Services was \$1,050 due to the requirement that we have a OPEB/GASB 45 study to support our projected retirement exposure. Building maintenance was \$878 over due to problems with the plumbing and light fixtures in the front entry. Equipment Maintenance was \$1,500 over to reoccurring problems with our alarm systems. Most significantly, Professional Contractual Services was over by \$39,443 due to the Board directed, and unbudgeted, Value Appraisal paid out of the Property Program surplus. But for that expense, this category would have come in at 96% of budget.

Loss Prevention: came in at 85.8% of budget. A big and growing expense in this area is the contract costs for Lexipol services that we provide police, and some fire. This is an area where we will have to substantially increase our budget in the future.

Staff Development: came in at 79.91% of budget.

Capital Expenditures: came in at 55.29% of budget.

Coverage Expense: came in at 127.45% of budget (compared to 76.87% last year) driven primarily by actuarially determined program reserve increases.

Liability: came in at 111.89% of budget. This year saw an unbudgeted expense of a \$14,900 increase in actuarially determined program reserves. Excess costs came in lower than expected, and helped offset claims costs came in at 145% of budget. This fiscal year saw an expensive victory in a federal trial, and the settlement of several old litigated claims. As a result we experienced unusually high claims costs when compared to previous years (last fiscal year this category came in at 75% of budget).

Workers' Compensation: came in at 144.29% of budget. This included a \$1.5M unbudgeted increase in program reserves; without that hit we would have finished at 104.4% of budget. Claims payments came in a bit higher than budget, and the State Assessment came in much higher than we projected. We are optimistic that all of these inflationary trends will be mitigated by the fresh approach of our new TPA.

Property: came in at 78.27% of budget. This figure is not quite accurate as it does not reflect the unbudgeted expense of the Value Appraisal Study

that the Board approved for property-in-the-open. With that cost added in the program finished the year at 86.3% of budget.

Fidelity: came in at 73.71% of budget. The absence of claims drove this result.

Total Expense came in at 124.55% of budget. Without unbudgeted items we were at 104.4% of budget. Given the heightened activity in Liability claims, this was a good result.

Net Income: Revenue was \$8,002,742; total expense was \$8,075,411 (\$9,571,646 less program reserve adjustments of \$1,496,235) for a net loss of \$72,669.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>71</u>
	DATE: <u>August 22, 2013</u>
SUBJECT:	Strategic Planning: the Board's opportunity to discuss developing issues
RECOMMENDED ACTION:	Information Only; No Action Required

BACKGROUND INFORMATION:

This agenda item is intended to allow the Board to discuss trends and future risk management plans.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager



Yolo County Public Agency Risk Management Insurance Authority

CLOSED SESSION

- A. Unrepresented Employees: Miscellaneous Employees
(CG54957.6)