

MINUTES



BOARD OF DIRECTORS MEETING

WEDNESDAY, October 09, 2019

1:00 p.m.

SPIKE N RAIL

2910 PEA SOUP ANDERSON BLVD
SELMA, CA 93662

I. CALL TO ORDER

II. ROLL CALL

OFFICERS & BOARD OF DIRECTORS PRESENT:

KERMAN UNIFIED SCHOOL DISTRICT
FIREBAUGH-LAS DELTAS JOINT UNIFIED SCHOOL DISTRICT
ALVINA ELEMENTARY CHARTER SCHOOL DISTRICT
FOWLER UNIFIED SCHOOL DISTRICT
FRESNO COUNTY SUPERINTENDENT OF SCHOOLS
KINGSBURG JOINT UNION ELEMENTARY SCHOOL DISTRICT
SELMA UNIFIED SCHOOL DISTRICT
SOUTHWEST TRANSPORTATION AGENCY

Kraig Magnussen, President
Russell Freitas, Vice President
Mike Iribarren, Secretary
Keith Loewen
Christopher Lozano
Carol Bray, Accountant
Larry Teixeira
Gary Geringer

MEMBERS

CLAY JOINT ELEMENTARY SCHOOL DISTRICT
PARLIER UNIFIED SCHOOL DISTRICT

Judith Szpor
Andrea Affrunti

ADMINISTRATORS & CONSULTANTS:

BORCHARDT, CORONA, FAETH & ZAKARIAN
FRESNO COUNTY SUPERINTENDENT OF SCHOOLS
KEENAN & ASSOCIATES
KEENAN & ASSOCIATES
KEENAN & ASSOCIATES
POMS & ASSOCIATES
SETECH, A DIVISION OF KEENAN & ASSOCIATES
TRISTAR RISK MANAGEMENT
TRISTAR RISK MANAGEMENT

Gus Corona, Auditor
Eric Cederquist, Cradle to Career
Tyler Houston, Account Executive
Tony Zuniga, Claims Analyst
Donna Murry, Account Manager
Amy Dolson, Risk Manager
Mary Boyer, Assistant V.P.
Sharon Castillo, Third Party Administrator
Tom Veale, President

III. APPROVAL OF AGENDA

2019/2020-1

ACTION

The Authority retains the right to change the order in which agenda items are discussed. Subject to review by the Board of Directors, the agenda is to be approved as presented. Items may be deleted or added for discussion only according to G.C. Section 54954.2.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: Motion by member Teixeira and seconded by member Geringer and unanimously carried to approve the Agenda as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

IV. PUBLIC COMMENTS

None

V. CONSENT AGENDA

**2019/2020-2
ACTION**

The Board of Directors reviewed the following items within the Consent Agenda:

- Approval of Minutes of the June 12, 2019 Board of Directors Meeting as Emailed
- Approval of Audited Expenditures for Year Ending June 30, 2019
- Approval of Expenditures for Quarter Ending September 30, 2019

PUBLIC COMMENTS: None

BOARD CONSIDERATION: Motion by member Iribarren and seconded by member Teixeira and unanimously carried to approve the Consent Agenda as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

VI. CORRESPONDENCE

**2019/2020-3
INFO**

No items to present.

VII. CLAIMS

THIRD PARTY ADMINISTRATOR UPDATE

**2019/2020-4
INFO**

Sharon Castillo, Claims Administrator for Fresno County Self-Insurance Group (FCSIG) presented the claims update report for review:

- * Stewardship Report as of 6/30/19 – The inventory of indemnity and medical only claims are stable. The report also provided a five-year comparison of current open claims and outstanding reserves, new losses and closures by fiscal year, and summary of costs of all open claims by member and broken down by occupation.
- * Claims Matrix – Overall the paid claims are down 13% from year prior which consisted of Medical down by 17%, Indemnity down by 29%, total Litigation costs are up by 26% with Rehab costs up by 64% due to applicant attorneys pushing for more Rehab use and other costs up by 14%.
- * Nurse Triage Summary – Out of 429 calls, 46% ended up being self-treated instead of going to a physician thus saving the JPA quite a bit of money.
- * Tristar Saving Summary Report – For the 18/19 year, a total gross savings of \$3,104,762 was realized.
- * Temporary Total Disability (TTD) Rates for 2020 as reported by the Division of Workers' Compensation (DWC) will be increasing on 1/1/20. The minimum will increase from \$187.71 to \$194.91 and the maximum TTD rate will be increasing from \$1,251.86 to \$1,299.42 per week.
- * Information about Workers' Compensation Fraud was presented. It was stated Workers' Compensation fraud cost Californians billions of dollars each year ranging from fraud from medical providers, claims adjusters, employers, and attorneys.
- * Passage of AB 346 – Extension of Labor Code Section 4850 to School Police
- * CA Appellate Court Ruling on Temporary Disability (TD) Benefits to Attend Medical Appointments. The Workers' Compensation Appeals Board panel upheld the ruling a claimant was not entitled to TD for wage loss to attend medical treatment following their return to work.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: None

CLAIMS TREND OVERVIEW

**2019/2020-5
INFO**

Tony Zuniga, Keenan Claims Analyst presented the Claims Trend Overview to the Board for the period 7/01/14 through 6/30/19. His report included the top 10 cause of injury by total incurred with slip/trip/fall continuing to be the number one in both incurred losses and number of claims. Also included was the top 10 injured body parts by total incurred and claim count, and by average incurred and lost work days. The last exhibit presented was for injuries by years of service. It was found newer employees between 1-5 year of service have the greatest total incurred and number of claims.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: None

VIII. UNDERWRITING

LEGISLATIVE UPDATE

**2019/2020-6
INFO**

The Keenan Claims Analyst presented several legislative updates/current events which affect the members' workers' compensation program:

- Keenan Briefing on new emergency regulation stating employers must protect workers from wildfire smoke if air quality is considered bad.
- W/C Executive regarding Temporary Disability. Mr. Zuniga reaffirmed the FCSIG claims administrator's announcement regarding an injured worker not entitled to receive workers' comp temporary disability benefits for the time lost from work for attending medical appointments from an industrial injury after they return back to work. He suggested districts have a written policy regarding the taking of time off to go to workers' comp doctor appointments to avoid any misunderstanding.
- Assessments from the Department of Industrial Relations are expecting to be increasing for the 18/19 year which will be invoiced in November 2019.
- California Legislative Summary – California Employee Benefits Legislative Summary August 2019 Update. Though this summary addresses mainly employee benefits Mr. Zuniga wanted to point out the section on Opioids. He mentioned there is a big emphasis with the State to control the overuse of these types of drugs, hence the passage of 4 bills:
 - AB 319 – Narcotic Treatment: Medication-Assisted Treatment Drug: Medi-Cal
 - AB 714 – Opioid Prescription Drugs: Prescribers
 - AB 1468 – Opioid Prevention and Rehabilitation Act
 - AB 1656 – Treatment of Addicts: Narcotic Drugs

PUBLIC COMMENTS: None

BOARD CONSIDERATION: None

IX. FINANCIAL

TREASURER'S REPORT

**2019/2020-7
ACTION**

The Board of Directors reviewed the audited Treasurer's Report for the Year ending June 30, 2019 and the Treasurer's Report for Quarter ending September 30, 2019 as presented by the FCSIG accountant Carol Bray.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: Motion by member Freitas and seconded by member Teixeira and unanimously carried to approve the Treasurer's Report for the audited Year ending June 30, 2019 and for Quarter ending September 30, 2019 as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

Board member Larry Teixeira stepped out.

FCSIG UNPAID CLAIM LIABILITY ESTIMATES

**2019/2020-8
ACTION**

The Account Executive presented the FCSIG Unpaid Claim Liability Estimates as of June 30, 2019 to the Board for review and approval. He stated the Unpaid Claim Liability Estimates was a continuation of the March 31, 2019 actuarial report. The update showed estimated ultimate losses developed almost exactly as expected.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: Motion by member Freitas with a second by member Loewen and unanimously carried to accept the Unpaid Claim Liability Estimates as presented. Absent: Members Dr. Wesley Sever, Paul Green, Dr. Paul Marietti, and Larry Teixeira.

FINANCIAL MANAGEMENT INFORMATION REPORT

**2019/2020-9
ACTION**

Member Teixeira returned

Mary Boyer with SETECH a division of Keenan & Associates presented the Financial Management Information Report for the Fiscal Years Ended June 30, 2018 and June 30, 2019 to the Board of Directors for review and approval.

FINANCIAL MANAGEMENT INFORMATION REPORT Cont.

The Net Position of \$15,798,502 increased from one year ago by \$881,546. The following represents the most significant changes:

- Funding for 2018/2019 above the Actuarially Estimated Central Estimate \$1,298,802.
- Investment Income of \$754,548.
- Recognition of a decrease in the estimated actuarially determined liability for the withdrawn members of \$324,311

This increase to the Net Position was offset by:

- A net increase in the actuarially determined estimated ultimate losses of \$417,367 for program year 2017/2018 and prior due to increased expected loss experience.
- Dividends paid to Districts in 2018/2019 of \$1,320,651.

Overall since its inception, FCSIG has been conservative in reserving and returning equity in the older program years to the members. It has declared, to date, net returns to the members of \$9,757,640 while continuing to enjoy secure finances and a stable rate structure.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: Motion by member Teixeira with a second by member Freitas and unanimously carried to accept the Financial Management Information Report as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

FINANCIAL AUDIT REPORT

**2019/2020-10
ACTION**

Gustavo Corona, the auditor for FCSIG, presented the Financial Audit Report for Years ending June 30, 2019 and 2018 to the Board of Directors for their review and approval. The auditor stated it was an unqualified opinion with no findings of internal control issues.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: Motion by member Freitas with a second by member Geringer and unanimously carried to accept the Financial Audit Report as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

FINAL BUDGET FOR THE 2019/2020 YEAR

**2019/2020-11
ACTION**

The final budget for the 2019/2020 year was presented to the Board of Directors for review and approval by the Account Manager, Donna Murry. She stated there was only one change to the budget and that was a decrease for the User Funding & Fraud Assessment, from 180,000 to 161,000. Even though it was stated earlier the State would be taking an increase in this assessment, Tristar the Claims Administrator has been diligent in paying down and closing out those claims from the districts who terminated their membership with FCSIG. The Total Indemnity amount paid was well over \$400,000 less this year than last year thus keeping the assessment lower than the last year estimate.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Freitas with a second by member Teixeira and unanimously carried to accept the final 2019/2020 budget as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

X. ADMINISTRATION

PUBLIC SELF INSURERS ANNUAL REPORT

**2019/2020-12
ACTION**

The Public Self Insurers Annual Report was presented to the Board of Directors for review and ratification.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: Motion by member Freitas with a second by member Teixeira and unanimously carried to ratify the Public Self Insurers Annual Report as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

WITHDRAWAL RESERVE ACCOUNT (WRA)

2019/2020-13

ACTION

The Board of Directors reviewed the WRA update as prepared by the actuary for the districts that have terminated their membership with FCSIG. A letter will be sent to those districts notifying them of their updated WRA information.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Freitas with a second by member Teixeira and unanimously carried to accept the Withdrawal Reserve Account Updates as of June 30, 2019 as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

CLAIMS AUDIT REPORT

2019/2020-14

ACTION

The Account Executive presented the claims audit report performed by Farley Consulting Services, LLC (FCS) to the Board for their consideration. In summary FCS believes that Tristar continues to provide effective claims administration for FCSIG. Although a few deficiencies were noted regarding medical case reserve documentation, Tristar responded quickly to the items noted and provided an excellent summarized response to the consulting firm.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Teixeira with a second by member Bray and unanimously carried to accept the Claims Audit Report as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

CONSIDERATION & CLARIFICATION OF OFFICERS

2019/2020-15

ACTION

The officers for the 2019/2020 year were clarified for the record. At the last meeting, the motion was made and carried to re-elect the current slate of officers for the 2019/2020 year not realizing Sandra Hoevertz would be leaving her position as the director of Southwest Transportation Agency. At the time she held the position of alternate secretary.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: The motion to remove the position of the alternate secretary and to keep all other officers as is was made by member Teixeira with a second by member Freitas and unanimously carried. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

WEBSITE MAINTENANCE

2019/2020-16

INFO

Garth Maijala through Fidelity Safety has been handling the maintenance of the FCSIG website. Per his announcement, as of November 1, 2019, he would no longer be providing this service. The Account Executive mentioned he had received an offer of assistance from an OSS member district on maintaining the website as he was familiar with Word Press the management system which is being used. The first item needed to be done is to move ownership of the domain over to the appropriate entity.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: None

FCSIG RECORD RETENTION POLICY

2019/2020-17

ACTION

The Account Manager presented the FCSIG Record Retention Policy to the Board for their review and consideration.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Freitas with a second by member Teixeira and unanimously carried to accept the Record Retention Policy for FCSIG as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

FCSIG CLAIMS AUDIT POLICY

2019/2020-18

ACTION

The Account Manager presented the FCSIG Claims Audit Policy to the Board for their review and consideration.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Freitas with a second by member Teixeira and unanimously carried to accept the Claims Audit Policy for FCSIG as presented. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.

STATUS OF CAJPA RE-ACCREDITATION

2019/2020-19

INFO

The Account Manager provided an update on the re-accreditation review FCSIG is currently going through. All requested documents have been submitted and she is waiting for further comments from the consultant. The next meeting of the CAJPA review board will be 1/14/2020 at which time they will take action on FCSIG's re-accreditation. The consultant did mention FCSIG has a very well run JPA.

PUBLIC COMMENTS: None

BOARD CONSIDERATION: None

XI. RISK MANAGEMENT

RISK MANAGEMENT UPDATES

2019/2020-20

ACTION/INFO

Amy Dolson, the Risk Manager for FCSIG presented the updates on Risk Control services as follows:

- Ergonomic evaluations completed this quarter were 6, all at Fresno County Superintendent of Schools.
- The FCSIG 3-Year Risk Management Strategic Plan was provided to the members for their review. A webinar invite will be sent to all members for later this month for final input and approval.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: None

XII. INFORMATION

MEMBER COMMENTS

Nothing to report

ADMINISTRATION COMMENTS

Nothing to report

XIII. AGENDA ITEMS NEXT MEETING

Members and others may suggest items for consideration at the Board of Directors' meeting scheduled for **1:00 p.m. on Wednesday, January 15, 2020, Spike N Rail**, 2910 Pea Soup Anderson Blvd, Selma. Currently scheduled items include:

- Third Party Administrator Update
- Claims Trend Overview
- Treasurer's Report
- Consideration of Payroll Factor
- Form 700 Conflict of Interest
- Proposal for Actuarial Services with Milliman, Inc.
- Annual Review of Investment Policy of Fresno County Auditor-Controller/Treasurer-Tax Collector

XIV. ADJOURNMENT

With no further business, the motion to adjourn the meeting was made by member Teixeira, seconded by member Bray and unanimously carried. Absent: Members Dr. Wesley Sever, Paul Green, and Dr. Paul Marietti.
Meeting was adjourned at 2:41 PM

Americans with Disabilities Act:

Fresno County Self-Insurance Group, Workers' Compensation JPA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the Fresno County Self-Insurance Group, Workers' Compensation JPA, shall be made to: Donna Murry, Account Manager, Keenan & Associates, P.O. Box 1404, Selma, CA 93662. Documents and materials relating to an open session agenda item that are provided to F.C.S.I.G. Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 3036 Thompson Ave; Selma, CA 93662