

**City of Bristol, Connecticut
Insurance Committee Meeting
October 25, 2011**

4.

A meeting of the Insurance Committee of the Board of Finance was held on October 25, 2011 in the Purchasing Conference Room, 2nd Floor of City Hall. The following were in attendance: Committee Members: John Smith and Greg Fradette City: Glenn Klocko, Robin Manuele, Diane Ferguson, Dennis Bieu. Bob Casar was absent. Tracy Driscoll: Fred DeNote and Mike Rivers.

The meeting was called to order at 8:35 a.m.

1. Meet with Tracy Driscoll to discuss the City's Self Insured Workers' Compensation Plan and to take any action as necessary.

Robin provided the Committee with a spreadsheet (see attached) with Workers' Compensation Fund Financial Information. The City switched from CIRMA to a self-insured program for fiscal year 2003-04. The budget is based on figures provided by PMA, a high and low number, and budget is chosen from the middle. For each year, the annual net surplus or deficit is listed along with cumulative outstanding claims, total number of claims and the estimated guaranteed cost premium. The surplus in 2009-10 is a result of the \$5.2 million transfer from the Health Benefits Fund the Board of Finance approved.

Roger Spear discussed larger claims which exist; there are four larger back claims in the Police Department, which have been open for some time. John Smith stated the claim numbers remain flat, but the severity of claims has increased dramatically. Roger stated the outside workers mean for claims has risen from approximately 30 to 66. Roger has held discussions with supervisors in Public Works to try to figure out why there has been a jump. The back claims seem in the beginning to be regular claims, but then there are series of medical procedures and therapy which are performed and it takes over a year before surgery is an option plus recovery time. Roger does have conversations with the department head after each injury. Fred DeNote stated in order for our numbers to be like this there has to be severe claims causing it. Tracy Driscoll will use their software to come up with the City's mod number. This will allow the City to see where they stand against themselves and others. Greg has been asking PMA for the mod number for two years, and we have not been able to receive it.

Greg Fradette explained that back in 2003-04 it was the right decision to move to self-insured, but that was nine years ago. Since then, there has been a 230% increase in the budget. We all know cost rates have not gone up 230%. Without the mod, the City will not know if a carrier would be interested in taking us on. Fred questioned if internal controls have changed since becoming self-insured. Roger Spear explained the major changes which occurred. Several programs have been implemented including a return-to-work program, along with numerous policies which are now in place, protective equipment and confined space are examples. The basic of CONNOSHA training was just completed which included confined space and back safety. Roger does drive around the City to ensure employees are compliant with the safety rules along with supervisors are following up with employees. Discipline action is taken for those found non-compliant.

Greg explained a guaranteed cost program would have saved \$138,000, in one year alone to bring this back into the black. There is no cost to pursue a guaranteed cost approach to see if anyone wants to play. PMA would have to administer the

outstanding claims if a turnover was to take place. John agreed, but it will not solve the problem. There are uncontrollable factors with Police and Fire the City can not control.

Fred asked if there were any ramifications with the union contract if the discipline procedure was changed due to not following the safety rules. Dennis stated there should be not, it's a matter of employees not doing what they are told. Greg explained there is a procedure where an employee who refuses light duty must go before the Commission for a hearing. Diane stated the City already has this procedure in place. There are frustrations with the system because of the treatment, therapy, injections, surgery, recovery which leaves the employees out of work for over a year. The employee and the City become frustrated. Fred questioned who attends the hearing. Diane stated Roger Spear does. Diane explained Department Heads such as Rob Longo, Walter Veselka, Chief Pose and Chief Osanitsch are very involved in the process. John suggested brain storming with the Departments or having a white paper written with their suggestions regarding the situation. The Department Heads are the City side. John discussed the sign regarding accident free days at the new school construction site. Goals are set for how many accident free days, and once the goal is reached the workers are rewarded with a feast. A simple reward may be enough of an incentive.

Greg explained the benefits of a using a carrier, particularly the case worker who would be assigned specifically to Bristol.

John explained going forward the City would need the mod number, issue an RFP and have a conversation with PMA. The City is not looking for another third party administrator to stay self-insured. Glenn questioned how long a contract typically is. Fred stated it would most likely only be for a year. There would be stipulations and the cost would not be fixed if there was anything longer then a year.

Fred is requesting information in order to compile the mod. Premiums for the last five years, cost of claims, breakdown of medical and indemnification information is needed along with notation of severe claims which would affect the number.

The Committee agreed to meet again the week of November 14, with Robin coordinating the exact date.

2. Adjournment.

Commissioner Fradette made a motion to adjourn at 9:36 a.m.

Respectfully Submitted,

John Smith/jam

John Smith, Chairman

Workers' Compensation Fund Financial Information

Switched to self-insurance in fiscal year 03-04, from CIRMA which was a fully insured program. Premiums were expected to rise to around \$1.8 in 03-04 with CIRMA.

	<u>03-04</u>	<u>04-05</u>	<u>05-06</u>	<u>06-07</u>	<u>07-08</u>	<u>08-09</u>	<u>09-10 *</u>	<u>10-11</u>	<u>11-12</u>
Budget	\$1,530,548	\$1,500,000	\$1,495,000	\$1,830,000	\$1,955,000	\$2,149,000	\$2,378,000	\$2,590,000	\$3,503,455
Annual net surplus (deficit)	\$167,813	(\$468,861)	(\$660,900)	(\$363,318)	(\$1,139,535)	(\$577,623)	\$3,083,813	(\$1,448,194)	N/A
Cumulative Outstanding Claims	\$515,894	\$1,336,823	\$2,215,824	\$2,720,819	\$3,788,190	\$4,322,229	\$6,011,795	\$7,415,375	N/A
Total number of claims	385	370	387	392	437	354	364	376	N/A
Estim. Guaranteed Cost Premium **	\$1,853,000	\$2,200,000	\$2,600,000	\$2,600,000	\$2,900,000	\$2,900,000	\$3,400,000	\$3,900,000	

* FY 09-10 had a deficit of \$2,116,187 which was offset by a transfer of \$5.2 million from the Health Benefits Fund

** These numbers were provided by Dom Perno on 3/28/11.

