

2007/08 MEMBER LETTER

At the CCCSIG Annual Board of Director's meeting this year, the Board took action to suspend the Special Deficit Assessment collection established in 2006 to address the Net Asset Deficit of \$10M, as the Group's actuarial study from insurance consultant Towers Perrin **forecasted a surplus** at the close of the fiscal year 2007/08.

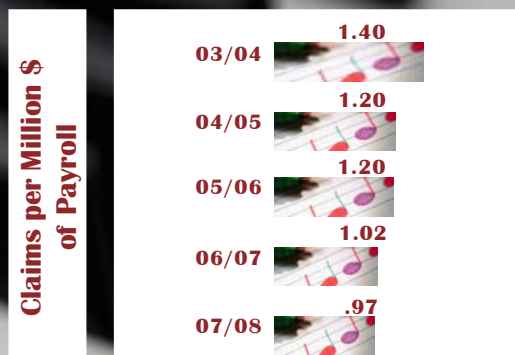
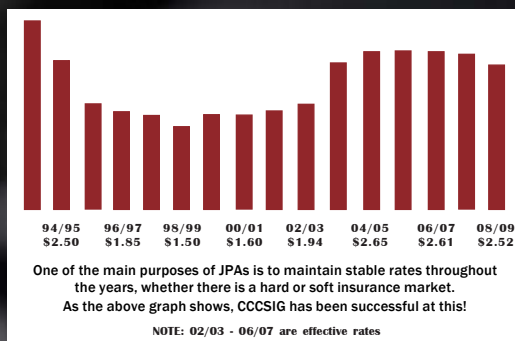
With many districts challenged by the effects of the State budget this year, CCCSIG's ability to suspend the Special Deficit Assessment was great news, in addition to the workers' compensation base rate decreasing by \$.09 for 2008/09! The Board of Directors is to be commended for their ownership of the Group's financial health, taking action as needed to ensure long-term financial stability.

Member districts are to be recognized for their commitment to employee's health and safety as CCCSIG has delivered more on-site prevention and education services this year than ever in the past! The health and safety services, coupled with the workers' compensation claims cost containment efforts, continue to maximize the human and financial resources of our members contributing to the enhancement of public education in Contra Costa County.

Ellen Elster, Board President
Deputy Superintendent./Bus. Svcs., CCOE

Bridget Moore
Executive Director

History of CCCSIG Rates



PEP PROGRAM UPDATE

The Post-Offer Pre-Employment Program (PEP) was developed and validated to determine if new hires in certain occupational groups possess the minimum level of strength necessary to perform the essential physical tasks of the job. Tests have been validated for the following occupational groups: Custodians, Food Service Workers, Special Education Instructional Assistants, Building & Grounds Maintenance Workers, Equipment Mechanics and Special Education Bus Drivers. Each applicant must pass the strength test with a score sufficient to ensure they possess the necessary strength to perform the essential functions of the job. Passing scores are based on the strength demands of each occupation.

From 7/1/00 to 6/30/08, CCCSIG has tested a total of 3,666 applicants with the current fail and medical clearance rates of 8% and 1% respectively. In FY 2007/08, CCCSIG expanded the program to include the Lafayette School District, which brings the total number of districts participating in the program to fifteen.

In FY 2008/09, CCCSIG will conduct a systematic review of the development work completed in the four pilot districts in FY 1999/00, to determine if the test should be updated in FY 2009/10. In addition, CCCSIG will also consider having each applicant watch a 15-minute DVD on Back Injury Prevention at the end of their strength testing session, regardless of either a pass or fail result.

HEALTH AND SAFETY SERVICES 2007/08 OUTCOMES

The purpose of the CCCSIG Health and Safety Services Department is to provide member districts with a variety of health and safety services aimed at reducing the frequency and severity of injuries in the workplace and improving the overall health of the workforce. **In FY 2007/08, district utilization of CCCSIG health and safety services increased by 18%, and the total number of participants increased by 23%.**

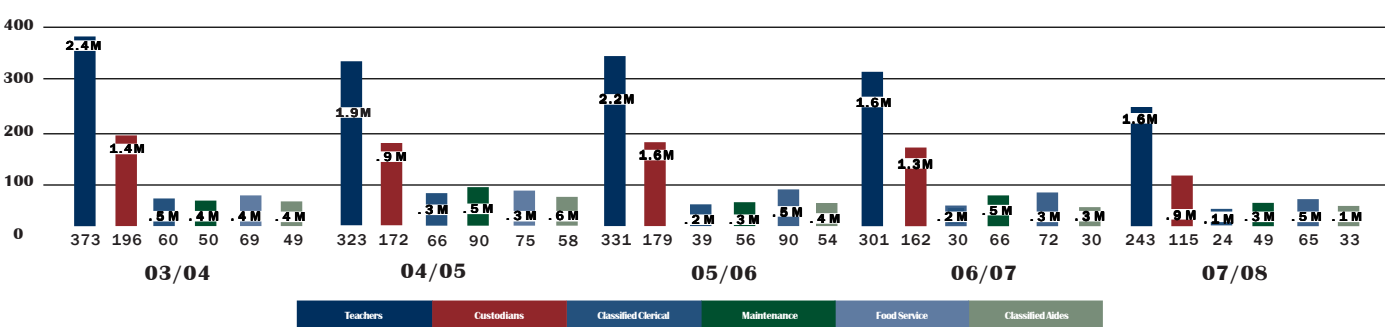
District utilization of health & safety services in 2007/08 is broken down as follows:

- *The top three most frequently conducted services were ergonomic evaluations (41%), incident evaluations (21%) and health & safety trainings (20%).
- *Of the employees who responded to the 30-day ergonomic evaluation follow-ups, 80% reported their situation improved, 16% stayed the same and 4% worsened (those that stayed the same or worsened were re-addressed).
- *Of the incident evaluations, 31% of identified hazards were corrected by the district, 6% were determined not to be a hazard, 46% resulted in no district response and 13% resulted in a CCCSIG health & safety service being provided.
- *For all health & safety trainings an hour or longer, the overall average participant rating was 4.6 out of 5.0 (1=poor and 5=excellent)!

Highlights from 2007/08 include:

- *Three healthy lifestyle programs were available to member districts which included: Get Fit on Route 66, Weight for Me and That 70's Program which included 796 participants, many reporting health benefits such as weight loss, lower blood pressure and more energy.
- *Managing Aggressive Behavior workshop for Special Education Instructional Assistants was provided to assist in reducing injuries caused by behavioral actions of students.
- *District Health & Safety Incentive Program - five districts were 100% qualifiers: AUSD, AUSD, CCCCD, LUHSD and MUSD, with many others completing 50-85% of requirements; all received up to 1% of their district's premium back to apply toward district-wide employee health and safety efforts.
- *Three fitness clubs agreed to provide discounted memberships to school district employees in exchange for CCCSIG promoting their clubs.
- *The Ergonomics Program expanded to include Custodial, Food Service and Instructional Assistants as a result of an increased number of incident evaluations. Incident evaluations are conducted when a claim meets a specified list of criteria or "red flags" and entails following up with the employee's supervisor to assure that hazards have been corrected and to provide proactive recommendations (e.g. an ergonomic evaluation) to prevent future injuries.

Total Claims & Incurred Costs by Six Occupations with Highest Claim Frequency

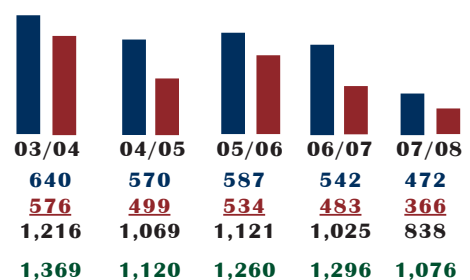


HEALTH & SAFETY SERVICES

- Health & Safety Trainings
- Ergonomic and Incident Evaluations
- Healthy Lifestyle Programs
- Health Fair Assistance
- Health Screenings
- Health & Safety Web Pages
- Monthly Trend Reports
- Health & Safety Bulletin Board
- Health & Safety Email Tips
- Online Health & Safety DVDs
- Monthly Health and Safety Newsletter
- Health & Safety Brochures
- Countywide Health & Safety Meetings
- Job Safety Analysis

These services are held onsite and can be customized! Contact the Health & Safety Services Department at 1 (866) 922-2744 or visit CCCSIG's website at www.cccsig.org.

Medical Only/Indemnity Claims & Number of Claims Closed During Fiscal Year



SUCCESS STORIES!!

There were a total of ten districts that had lower outstanding reserves from 2006/07 to 2007/08!

Of those ten districts, five of them also decreased the number of claims filed from 2006/07 to 2007/08.

The five districts that showed decreases in both categories were Antioch USD, Martinez USD, Pittsburg USD, San Ramon Valley USD & West Contra Costa USD. Congratulations and keep up the great work!

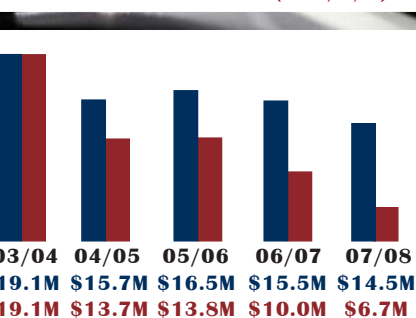
CCCSIG PHARMACY BENEFIT MANAGEMENT PROGRAM

CCCSIG has teamed up with Express Scripts, Inc. (ESI), a pharmacy benefit management company, to provide a prescription drug program for work-related injuries for non-Kaiser physicians. Some features of this pharmacy program include:

- First Fill - injured worker does not incur any out-of-pocket prescription expense
- Home Delivery - up to 90 days for maintenance medications
- Formulary Safeguards - to control dispensing
- Retrospective Drug Utilization Review - letters sent to physicians
- Physician Outreach Program - goal to increase the number of generics being dispensed

ESI is the largest Workers' Compensation contracted pharmacy network and will provide savings to CCCSIG's member districts' workers' compensation program.

Ultimate Estimated Incurred Costs



FINANCIAL UPDATE

Stable Assets: CCCSIG continues to hold a very stable asset base (made up primarily of cash, investments and facilities) that has consistently been in excess of \$52 million since the 1999/00 fiscal year, reaching a high of \$86.4 million in 2007/08. These assets, and their continued earnings, are available to cover the future cost of workers' compensation claims.

Low Member Rates: Despite the highly volatile state of workers' compensation in California over the past several years, CCCSIG has been very successful at controlling claims costs and its members continue to enjoy stable rates.

History of Net Assets: The number of annual claims over the last 10 years has been very consistent, which can be attributed to many factors, one of which is CCCSIG's Health and Safety Services. However, due to dramatically rising medical costs and Indemnity benefit increases, the overall liability for outstanding claims has risen almost 279% since 2000 which, in addition to \$20 million in premium rebates over the years, gradually eroded Net Assets (members' equity) from a high of \$34 million in 1996 to a deficit of \$10 million in 2005.

As a result, the Board of Directors authorized a Net Asset Deficit Assessment which began with reclassifying the \$2.2 million Supplemental Assessment collected in 2005/06 towards the Net Asset Deficit. The remainder of the assessment (\$7.9M) was to be collected over the next 10 years. As noted in the member letter, the Board of Directors voted to suspend the Deficit Assessment! Even after removing the remaining \$6.3M Assessment Receivable from the books, CCCSIG ended the fiscal year with \$16.3M in Total Net Assets. After deducting the \$5.6M of Net Assets invested in Capital Assets, the remaining \$10.7M of Unrestricted Net Assets was more than enough to exceed the \$7.5M Target Equity amount that had been established in the plan adopted in 2007!

WC Premium Contributions



AUDITED 2007/08 FINANCIAL STATEMENTS INCLUDED AS INSERT IN THIS REPORT.

HEALTH & SAFETY SERVICES

WORKERS' COMPENSATION

ESTIMATED
COUNTYWIDE SAVINGS
IN 2007/08

UTILIZATION REVIEW
\$720,682

EARLY RETURN TO WORK
\$1,055,156

BILL REVIEW
\$361,517

OUTSTANDING RESERVES
DECREASED
\$729,480

COMBINED TOTAL
\$2,866,835

WORKERS' COMPENSATION 2007/08 OVERVIEW

Last Spring, the Workers' Compensation Claims Department underwent a "routine" claim audit conducted by the California Division of Workers' Compensation (DWC). Routine claims investigation audits are conducted by the DWC once every five years to ensure that injured employees in California have promptly and accurately received the full measure of compensation to which they are entitled under the workers' compensation laws of the State.

In addition to the workers' compensation claims audit, the DWC also simultaneously conducted a Utilization Review Audit. This piece of the audit process was just added in November 2007 and its primary focus is to ensure that insurance adjusting agencies across the State are taking appropriate measures within the specified time frames to authorize, modify or deny requests for medical treatment by a physician.

If the Claims Audit or Utilization Review Audit fails to meet or exceed the minimum performance standards set forth by the State, then a second and more detailed audit will follow.

In both cases, CCCSIG's Claims Department exceeded the performance audit requirements and successfully passed both audits, which resulted in no penalties or non-compliance issues.

These passing scores of both State Audits are a reflection of the hard work and dedication by the entire Claims Department staff!

CORE KEYS TO SUCCESS

Contra Costa County Schools Insurance Group's Core Values

When a Group is committed to shared values and united in a common purpose, it can achieve extraordinary results and a competitive edge within its field.

The Core Values selected by CCCSIG staff and noted throughout discussions with the Executive Committee to strive for this edge are:

COMMITMENT

To proactively evaluate opportunities to enhance the services and programs we offer to benefit school district employees while lowering workers' compensation costs.

FLEXIBILITY

Through the exchange of ideas adapt to new situations and change to achieve success in our programs and enhance what we are today and into the future.

TEAMWORK

Working together as one, collaborating with member districts focused on a common purpose to achieve excellence.

QUALITY

A characteristic defining what we continuously strive to achieve, representing the highest standards in our field and our individual areas of expertise, devoted to our purpose and foundation.

The values reflect the spirit and standards of the Group and its employees!

HEALTH BENEFITS PROGRAM

HEALTH BENEFIT PROGRAM HIGHLIGHTS IN 2007/08

The CCCSIG Health Benefits Program continues to focus on health education and wellness information for its members. CCCSIG's first monthly e-communication *Harmony for Health* was circulated in July, sharing information around Anthem Blue Cross and Kaiser Permanente's health education and wellness services.

This year member districts in the CCCSIG Health Benefit Program will have access to an employee benefit portal, BenefitBridge provided through broker Keenan & Associates. BenefitBridge delivers administrative automation and on-demand information for employee benefit needs in a password protected, web-based environment. Through a single portal accessed through the Internet, BenefitBridge integrates benefit enrollment, eligibility, employee communications and self-service tools to maximize the effectiveness of benefit plans and administrative resources. BenefitBridge offers flexibility, integration and responsiveness in a user-friendly package designed to provide:

- Automation for employee benefits staff and integration with critical systems including payroll and health plan membership systems
- A single, secure access point for the employer and employee available 24/7
- On-demand education, decision support and employee self-service
- Enhancement for plan documentation and compliance needs

Flu vaccination clinics will be offered again this fall for participating districts as part of the wellness efforts during open enrollment meetings

Plan Year January 2008 marked the inclusion of Kaiser Permanente into the CCCSIG Health Benefits Program. As such, we are able to reach a greater number of member district employees in our ongoing effort to provide timely information on health, wellness and healthcare overall.



CCCSIG BOARD OF DIRECTORS

CCCSIG's Board of Directors includes one representative from each district to represent the needs of all members. Nine members of the Board serve as the Executive Committee (noted by asterisks). CCCSIG's Board of Directors (as of 9/08):

EXECUTIVE COMMITTEE

- * Ellen Elster, Board President
CCC Office of Education
- * Chris Learned, Vice President
Acalanes Union High SD
- * Roberta Silverstein, Secretary
San Ramon Valley USD
- * Margaret Kruse, Brentwood Union SD
- * Bryan Richards, John Swett USD
- * Lenee Cadotte, Lafayette SD
- * Tim Rahill, Martinez USD
- * Kathy Bell, Moraga SD
- * Mark Bonnett, Pittsburg USD
- Denise Porterfield, Antioch USD
- Eric Prater, Byron Union SD
- Gloria Faircloth, Canyon SD
- Helen Benjamin, CCC College District
- Jan Lindgren, Knightsen SD
- Jerry Glenn, Liberty Union High SD
- Greg Rolen, Mt. Diablo USD
- Rick Rogers, Oakley Union SD
- Jerry Bucci, Orinda Union SD
- Allan Gordon, St. Helena USD
- Patricia Wool, Walnut Creek SD
- Sheri Gamba, West Contra Costa USD



As of 7/1/07, Mt. Diablo does not participate in the workers' compensation program.

CCCSIG STAFF

CCCSIG's staff is experienced and dedicated to providing excellent customer service to member districts and their employees. CCCSIG's staff (as of 9/08):

ADMINISTRATION

- *Bridget Moore, Executive Director
- Denise Cifelli, Executive Asst.
- Heidi Flanagan, Executive Asst.
- *Joe Emmett, Chief Financial Officer
- Veeda Jafari, Accountant
- Deborah Anderson, Accounting Spec.
- Victor Ammay, IS Spec.
- Donna Martinez, IS Spec.
- *Erica Williamson, HR Mgr.
- Tisha Roberts, Office Asst. II
- Maria Villar, Office Asst.
- Stephanie Tyler, Office Asst.
- HEALTH & SAFETY SERVICES**
- *Denise Schreiner, Health & Safety Svcs. Mgr.
- Steve Webber, Health & Safety Svcs. Spec.
- Abbie Place, Health & Safety Svcs. Spec.
- Susan Patterson, Health & Safety Svcs. Spec.
- WORKERS' COMPENSATION**
- *Michael Clark, Claims Mgr.
- Connie Ray, Nurse Case Mgr.
- Marilyn Verducci, Early Return to Work Spec.
- Spivey Nugent, Sr. Bill Review Spec.
- Deberia Gold, Bill Review Spec.
- Debra Mallett, Bill Review Spec.
- *Karen Ward, Claims Supervisor
- Kim Williams, Sr. Claims Examiner
- Jackie Bailey, Sr. Claims Examiner
- Christopher Torres, Sr. Claims Examiner
- Melanie Marz, Sr. Claims Examiner
- Sarah Robinson, Sr. Claims Examiner
- Mary Phillips, Claims Examiner
- Michele Sibilla, Claims Examiner
- Cathy Bullert, Claims Assistant
- Lisa Stewart, Claims Assistant
- Cherry O'Mary, Claims Assistant

*CCCSIG Management Team

THE MISSION OF CCCSIG IS TO ENHANCE THE HUMAN & FINANCIAL RESOURCES OF OUR MEMBERS IN ORDER TO CONTRIBUTE TO & ENHANCE PUBLIC EDUCATION



commitment

Contra Costa County Schools Insurance Group
2007/08 Annual Report



flexibility

quality

THE KEYS
TO SUCCESS

teamwork

Contra Costa County Schools Insurance Group
Established 1977 - Self-Administration 1995

550 Ellinwood Way, Pleasant Hill, CA 94523
Tel: 1 (866) 9-CCCSIG or 1 (866) 922-2744 - Fax: (925) 692-1137

www.cccsig.org

