

2008/09 MEMBER LETTER

At a time when school districts seem to only receive bad financial news as they continue to experience the effects of the financial crisis in the State, CCCSIG's ability to reduce the workers' compensation base rate for 2009/10 by 13 cents was a bright point! The information included in this report demonstrates the financial stability of the Group, highlights the health and safety services offered, and claims cost containment outcomes achieved countywide.

The recent workers' compensation rate decreases in 2009/09 (down nine cents) and 2009/10 (down 13 cents) resulted from the efforts of member districts, led by CCCSIG, to reduce workers' compensation exposures and related costs while assisting the member district employees.

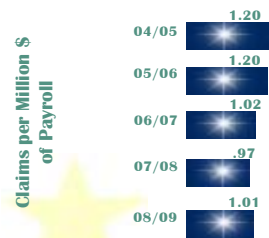
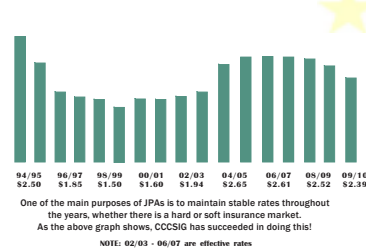
CCCSIG would like to thank our member districts and their employees for their ongoing commitment to the mission of CCCSIG, as now more than ever, schools need funds and human resources in order to carry out their mission...education.

Finally, it is a time for special recognition and thanks to Ellen Elster, Board President of CCCSIG. Ellen retired this June after 11 years on the CCCSIG Board of Directors. With Ellen's leadership, CCCSIG has been successful in its endeavors and will continue to thrive into the future.

Chris Learned, Board President
Associate Superintendent/Business Svcs., AUHSD

Bridget Moore
Executive Director

History of CCCSIG Rates



NEW HEALTH & SAFETY SERVICES:

- *Nonviolent Crisis Intervention (CPI) Training for Campus Supervisors & Administrators
- *Custodial Ergonomic Evaluation Program
- *New Healthy Lifestyle Programs: Walktober & NutriSum Weight Management
- *New Trainings: Resiliency, Communication, Ergonomics & Brain Fitness
- *Slip, Trip, Fall Student Poster Contest

For all CCCSIG Health & Safety Services visit CCCSIG's website at www.cccsig.org.

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 and 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 6/30/09, CCCSIG has tested a total of 4,133 applicants with fail and medical clearance rates of 8 and 1%, respectively.

Highlights from 2008/09:

* CCCSIG conducted a systematic review of the development work completed in the four pilot districts in fiscal year 1999/00. It was determined that the strength test continues to be relevant and strongly correlated with the physical demands of the job. CCCSIG will repeat this process for remaining districts at the 10 year mark, and every five years thereafter.

* CCCSIG began showing a five minute DVD on Back Safety for School District Employees at the end of each strength testing session.

OVERVIEW OF HEALTH & SAFETY SERVICES

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 fiscal year 2008/09, countywide utilization of health and safety services increased for the third consecutive year with 18 of the 19 workers' compensation member districts utilizing our services!** The three most frequently conducted services were ergonomic evaluations (42%), incident evaluations (32%) and health & safety trainings (31%). The top three occupations to receive CCCSIG health and safety services were Custodial/Maintenance & Operations/Grounds, Admin/Clerical and Instructional Assistants.

Highlights from 2008/09:

* **45 Healthy Lifestyle Programs** were provided countywide (Walktober, Weight 4 Me and Passport to Better Health) comprising 711 participants and representing 15 districts. Evaluation results included an overall average program rating of 4.5 out of 5! One of the many positive evaluation comments that stood out was, "Good health should always be a way of life. Thanks for offering programs like these that give incentive and motivate to improve/keep it up!"

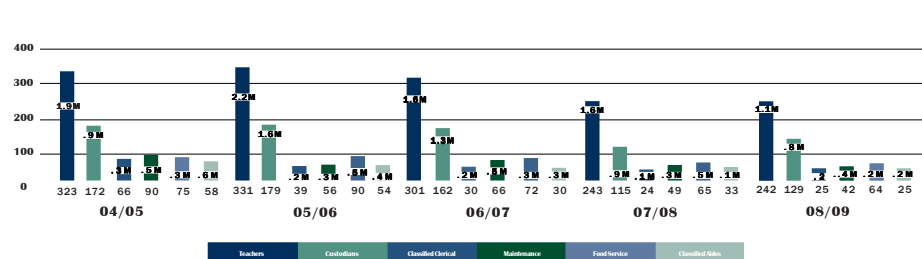
* **18 Nonviolent Crisis Intervention Trainings (CPI)** were conducted in 12 school districts, comprising 300 participants. Instructional Assistant claims dropped 12% countywide from last fiscal year!

* **WCCUSD Custodial Ergo Evaluation Pilot Program.** CCCSIG conducted an ergonomic evaluation for every WCCUSD custodian who lost time from work due to an industrial injury. WCCUSD Custodial injuries decreased by 27.5% and total incurred by 10.8%! CCCSIG has begun providing this service to all member districts.

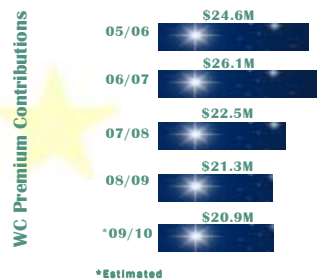
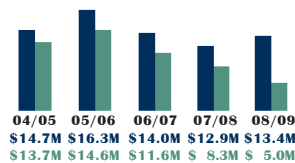
* Ten districts completed 100% of the eight **District Health & Safety Incentive Program** requirements, up by 50% from last fiscal year. Districts who qualified 100% include: Acalanes UHSD, Antioch USD, Brentwood USD, CCC College District, CCC Office of Education, Liberty UHSD, Martinez USD, Pittsburg USD, San Ramon Valley USD and West Contra Costa USD.

HEALTH & SAFETY SERVICES

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



Ultimate Estimated Incurred Costs
Total Incurred Costs (as of 6/30/09)



AUDITED 2008/09 FINANCIAL STATEMENTS INCLUDED AS INSERT IN THIS REPORT.

FINANCIAL UPDATE

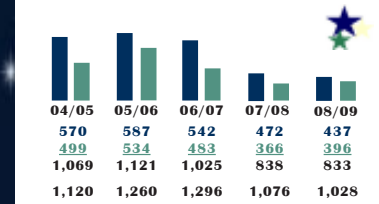
Stable Assets: CCCSIG continues to hold a very stable asset base (made up primarily of cash, investments and facilities) that has consistently been in excess of \$52 million since the 1999/00 fiscal year, reaching a high of \$94 million in 2008/09. These assets, and their continued earnings, are available to cover the future cost of workers' compensation claims.

Stable 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 gone from \$22.8M in 2000 to \$63.8M in 2009, 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. After collecting an additional \$1.6M over the next two years, CCCSIG had good news in the 2008 Actuarial Study, which prompted the Board of Directors to suspend the Deficit Assessment! Even after removing the remaining \$6.3M Assessment Receivable from the books, CCCSIG ended the 2008 fiscal year with \$16.3M in Total Net Assets. CCCSIG had some more positive news in the 2009 fiscal year, ending the year with a surplus of \$8.4M, which brought the Net Assets to \$24.7M as of 6/30/09. After deducting the \$5.3M of Net Assets invested in Capital Assets, the remaining \$19.4M of Unrestricted Net Assets far exceeds the \$7.5M Target Equity amount that had been established in the Target Equity Plan adopted in 2007.

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



SUCCESS STORIES!!

The 2008/09 fiscal year end revealed success stories from many districts. Ten districts decreased the number of claims reported and ten districts saw a reduction in total reserves!

From the many districts included in these categories, there were six districts that saw reductions in both reserves and reported claims!

Congratulations to College District, Knightsen, Lafayette, Martinez, Moraga and Pittsburg!

EXCELLENCE IN WORKERS' COMPENSATION

CCCSIG continues to strive for excellence in workers' compensation and has managed to continue to do so even during challenging times in the workers' compensation industry. Through CCCSIG's many cost containment programs such as Early Return-to-Work, Nurse Case Manager, Pharmacy Benefit Management Program, Telephone Claims Reporting System, Bill Review Services, Critical Claims Task Force, in addition to the dedicated oversight of workers' compensation claims, the focus on settling future medical claims and the best practices CCCSIG adheres to, have resulted in the \$3.3M estimated countywide savings last year!

CCCSIG has been recognized as an organization that has set intelligent systems and organizational structure in place and has staffed its claims department with experienced professionals. Through past audits, CCCSIG's workers' compensation claims department was identified as operating very near the top end of the claims administration industry. During a challenging time for school districts, CCCSIG has been able to reduce the cost of workers' compensation for districts, allowing more money for education.

WORKERS' COMPENSATION

ESTIMATED COUNTYWIDE SAVINGS IN 2008/09

UTILIZATION REVIEW
\$507,818

EARLY RETURN TO WORK
\$995,470

BILL REVIEW
\$389,585

PHARMACY BENEFIT MANAGEMENT
\$70,351

FUTURE MEDICAL/ COMPROMISE & RELEASE CLAIM SETTLEMENTS
\$1,366,422

COMBINED TOTAL
\$3,329,646

WORKERS' COMPENSATION 2008/09 OVERVIEW

One thing about workers' compensation is that it is an ever-changing institution. Last fiscal year was no different than previous years in terms of industry changes. Although mandated and implemented in the 2004 workers' compensation reforms, we witnessed the January 1, 2009 sunset of the Vocational Rehabilitation program and benefits as we once knew them to retrain injured workers. Employees unable to return to usual and customary work are now eligible for a supplemental job displacement benefit (SJDB) voucher up to \$10,000 maximum when an employer does not offer permanent modified or alternative work. The voucher is to be used at accredited trade schools or professional training organizations accepted by the State.

Another major industry change includes Medicare secondary payer compliance, which is designed to ensure that injured employees first utilize their future medical Award settlement monies before Medicare pays for medical treatment. This newly designed and implemented federal program affects both workers' compensation and liability insurance programs with stiff penalties for non-compliance of up to \$1,000 per day! All in all the program should prevent the temptation of "double dipping" by receiving settlement money designated for future medical treatment of an industrial injury and then pocketing the money and having Medicare foot the bill for any ongoing medical treatment associated with the work-related injury.

PLANNING FOR THE FUTURE

CCCSIG continues to explore and discover new ways to remain a leader in the areas of workers' compensation, cost containment, health & safety services and bill review.

CCCSIG STRATEGIC PLAN OVERVIEW
2009-2010

CCCSIG will work throughout the year to complete and implement the objectives noted below, as established by CCCSIG Management and Executive Committee, in order to work towards achieving CCCSIG's mission statement to *enhance the human and financial resources of our members in order to contribute to enhance public education.*

<p>HEALTH & SAFETY SERVICE QUALITY: TO PROVIDE A SAFE & HEALTHY WORKING ENVIRONMENT</p> <ul style="list-style-type: none"> Develop New Strategies to Increase District Utilization of Health & Safety Services for High Risk Occupational Groups, Sites and High Ex-Rate Districts Create, Present & Engage in a Multi-Faceted Sit, Trip, Fall Campaign to Assist in Reducing Injuries 	<p>COST CONTAINMENT & CLAIMS CONTROL: TO IMPLEMENT EFFECTIVE COST CONTAINMENT ACTIVITIES</p> <ul style="list-style-type: none"> Restructure the "Early Return-to-Work" Program for Greater Overall Savings While Providing Districts with Additional Human Resources Finalize Implementation of the Pharmacy Benefit Management Program
<p>GOVERNANCE & MEMBERSHIP OUTREACH: TO ACTIVELY ENGAGE ALL PARTICIPANTS AT ALL LEVELS IN COOPERATIVE EFFORTS TO ACHIEVE CCCSIG'S MISSION</p> <ul style="list-style-type: none"> Expand Bill Review Services Expand Health Benefits Program for Contra Costa and non-Contra Costa County School Districts Streamline Communication Avenue Between CCCSIG & Members, Converting Orientation Materials for NEW Claims and Health & Safety Coordinators to an Electronic Format 	<p>FINANCIAL STRENGTH: TO ADMINISTER PROGRAMS THAT ARE FINANCIALLY SOUND AND PROVIDE STABLE RATES</p> <ul style="list-style-type: none"> Continued Oversight of Group's Financial Health & Equity Growth Develop Second Phase of Report Development for Benchmark Data (Claims and Health & Safety) Implement Second Phase of Process Auditing to Assist in Improving Processes that are Integral to Department Success

ORGANIZATIONAL EXCELLENCE: TO WORK TOGETHER TO MAINTAIN AND CELEBRATE A POSITIVE AND PRODUCTIVE CCCSIG WORK ENVIRONMENT

- Continue Review of HR/Personnel Procedures Focusing on Annual Performance Evaluation Process
- Develop and Implement a Plan for Staff on Policies, Procedures and Outcomes to Open/Enhance Communications Groupwide

HEALTH BENEFITS PROGRAM

HEALTH BENEFIT PROGRAM HIGHLIGHTS IN 2008/09
With the addition of Kaiser into the Health Benefits Program, we have been successful in working with them to provide a fund for on-site wellness services for Plan Years 2009 and 2010.

In the area of wellness activities, flu vaccinations, health screens, on-line Health Risk Assessments (with incentives) will be provided during open enrollment this fall for Anthem Blue Cross and Kaiser members!

CCCSIG is the only medical JPA in Contra Costa, Napa, Alameda, and Solano counties, opening a window of opportunity to expand the Health Benefits Program. Moving forward, the Health Benefits Committee has given the green light to offer Kaiser-only membership consideration to interested school districts in and outside of Contra Costa County. Some of the benefits of expanding the Pool are - spreading the risk (a larger pool offsets the impact of large claims) and the capacity to offer a secondary non-Kaiser option (in addition to Anthem Blue Cross, based on geographics), which would make the program more marketable for the non-Kaiser population. On the administrative end, a larger pool has the ability to negotiate better contract terms and more competitive rates for its members.



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 9/09):

BOARD OF DIRECTORS

- * Chris Learned, Board President
Acalanes Union High SD
- * Roberta Silverstein, Vice President
San Ramon Valley USD
- * Margaret Kruse, Secretary
Brentwood Union SD
- * Denise Porterfield, Antioch USD
- * Bill Clark, CCC Office of Education
- * Lenee Cadotte, Lafayette SD
- * Kathy Bell, Moraga SD
- * Marcus Battle, Walnut Creek SD
- * Sheri Gamba, West Contra Costa USD
- Eric Prater, Byron Union SD
- Gloria Faircloth, Canyon SD
- Kindred Murillo, CCC College District
- Ellen Monck, John Swett USD
- Teresa Sidrian, Knightsen SD
- Rick Miller, Liberty Union High SD
- Liz Robbins, Martinez USD
- Greg Rolan, Mt. Diablo USD
- Debra Fogarty, Oakley Union Elementary SD
- Jerry Bucci, Orinda Union SD
- Cecile Nunley, Pittsburg USD
- Allan Gordon, St. Helena USD



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

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 9/09):

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.
 - Stephanie Tyler, Office Assistant II
 - Enid Vazquez, Office Assistant
 - Veronica Wilson, P/T Office Assistant
- HEALTH & SAFETY SERVICES**
- *Denise Schreiner, Health & Safety Svcs. Mgr.
 - Steve Webber, Sr. Health & Safety Svcs. Spec.
 - Abbie O'Toole, Health & Safety Svcs. Spec.
 - Susan Patterson, Health & Safety Svcs. Spec.
- WORKERS' COMPENSATION**
- *Michael Clark, Claims Mgr.
 - Patty Harrer, Nurse Case Mgr.
 - Marilyn Verducci, Early Return to Work Spec.
 - Spivey Nugent, Sr. Bill Review Spec.
 - Deberia Gold, Sr. Bill Review Spec.
 - Debra Mallett, Sr. Bill Review Spec.
 - Tisha Roberts, Bill Review Spec.
 - Lisa Stewart, P/T Bill Review Spec.
 - *Karen Hurd, Claims Supervisor
 - Kim Williams, Sr. Claims Examiner
 - Jackie Balley, 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, P/T Claims Assistant
 - Cherry O'Mary, Claims Assistant
 - Maria Villar, Claims Assistant

*CCCSIG Management Team

Contra Costa County Schools Insurance Group 2008/09 Annual Report



LEADING THE WAY TO SUCCESS



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

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