

2009/10 MEMBER LETTER

In recognition of our school districts' economic situation and CCCSIG's financial stability and available equity, at the recommendation of the Executive Committee, the Board of Directors approved a \$3.5M rebate to member districts.

CCCSIG and member districts' commitment to the overall health, wellness and safety of district employees, in addition to educational and prevention services provided by CCCSIG, have assisted in reducing the frequency and severity of injuries in the workplace. Quality claims administration, cost-saving efforts such as the Early Return-to-Work program, medical cost containment activities and a focus on reducing future liabilities through resolving claims, greatly reducing medical exposure, have achieved positive results for the employees and students in our schools.

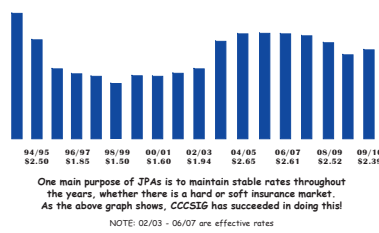
Through membership support and the Executive Committee's leadership, CCCSIG is able to meet one of the primary objectives of a Joint Powers Authority (JPA), which is to provide financial stability through stable rates to its members. For member districts, this objective is even more significant today than it has been over the past decade.

As we begin the new school year, CCCSIG celebrates reaching a milestone of 15 years of self-administration striving to enhance the human and financial resources of our members in order to contribute to and enhance public education.

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

Bridget Moore
Executive Director

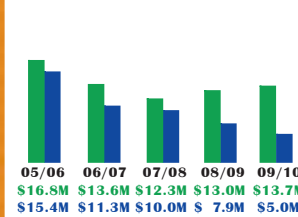
History of CCCSIG Rates



WC Premium Contributions



Ultimate Estimated Incurred Costs



FINANCIAL UPDATE

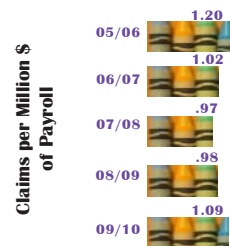
Stable Assets: CCCSIG continues to hold a very stable asset base (made up primarily of cash, investments and facilities) that has consistently been in excess of \$52 million since the 1999/00 fiscal year, reaching a high of \$97 million in 2009/10. These assets, and their continued earnings, are available 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 \$64.4M in 2010, 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.

The Board of Directors responded to this deficit by declaring a \$10M assessment, which was to be collected over a 10-year period. After collecting \$3.8M of this assessment, 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, adding an additional \$8.4M in surplus, bringing the Group's Net Assets to \$24.7M.

This remarkable turnaround over a 4-year period provided the Group with a strong level of Net Assets, large enough that the Board of Directors decided to declare a \$3.5M rebate in the 2010 fiscal year! Even after providing this rebate to members, CCCSIG ended the year with \$24.6M in Net Assets, due to a surplus for 2009/10 of \$3.4M prior to the rebate. After deducting the \$5.1M of Net Assets invested in Capital Assets, the remaining \$19.5M of Unrestricted Net Assets far exceeds the \$7.5M Target Equity amount that had been established in the Target Equity Plan adopted in 2007.



WHAT TO WATCH FOR IN 2010/11:

- *CPI Training (Includes Restraints)
- *Ergo Evaluations for Injured Classified Employees Returning-to-Work (WCCUSD & PUSD)
- *Ergo Evaluations for Food Service Employees
- *Two New Healthy Lifestyle Programs
- *New Online Training Program
- *2nd Annual Slip Trip Fall Poster Contest
- *School Actions for Safety & Health Training
- *New Hire Orientation Program
- *Model Program for Campus Supervisors

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

OVERVIEW OF HEALTH & SAFETY SERVICES

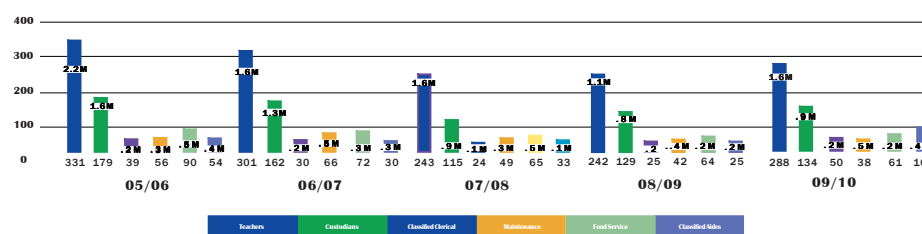
The purpose of the CCCSIG Health and Safety Services Department is to provide member districts with a variety of health and safety services aimed at reducing the frequency and severity of injuries in the workplace and improving the overall health of the workforce. In fiscal year 2009/10, countywide utilization of health and safety services increased for the fourth consecutive year with 18 of the 19 workers' compensation member districts utilizing our services! The three most frequently conducted services were strength tests (38%), ergonomic evaluations (14%) and health & safety trainings (14%). The top three occupations to receive CCCSIG health and safety services were Teachers (26%), Instructional Assistants (23%) and Custodial/Maintenance & Operations/Grounds (19%).

Highlights from 2009/10:

- * 41 Healthy Lifestyle Programs were provided countywide (Walktober, NutriSum and Indy 800) comprising 672 participants and representing 15 districts. Evaluation results included an overall average program rating of 4.4 out of 5!! One of the many positive evaluation comments that stood out was, "Indy 800 got me back on track and made exercising a priority. I had company and ended up making them walk too, so I would not let down my team."
- * 206 ergonomic evaluations were conducted in 14 districts. The frequency and severity of fine hand manipulation claims, which are most frequently associated with ergonomic issues, both dropped by over 50%!
- * A Slip Trip Fall Prevention Student Poster Contest was featured for the first time with two winning posters selected and distributed to each district countywide to increase employee awareness of the importance of preventing painful and costly slip trip and falls, which is the #1 way employees are injured countywide.
- * 18 districts participated in the District Health & Safety Incentive Program with eight districts completing 100% of the requirements. Districts who qualified 100% include: Acalanes UHSD, Antioch USD, Brentwood USD, CCC College District, CCC Office of Education, Martinez USD, Pittsburg USD and San Ramon Valley USD.

HEALTH & SAFETY SERVICES

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



PEP PROGRAM UPDATE

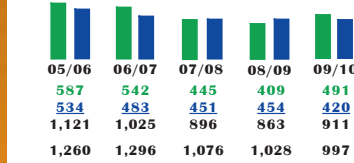
The Post-Offer Pre-Employment Program (PEP) was developed and validated to determine if new hires in certain occupational groups possess the minimum level of strength necessary to perform the essential physical tasks of the job. Tests have been validated for the following occupational groups: Custodians, 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 6/30/10, CCCSIG has tested a total of 4,655 applicants with fail and medical clearance rates of 8 and 2%, respectively.

Highlights from 2009/10:

- * Workers without sufficient strength to perform their job tasks may incur injuries of overexertion, which account for a significant number of all work-related back injuries. The average back injury costs \$25,000. In fiscal year 2009/10, had the 55 applicants who failed the test been hired and injured, it could have potentially cost districts up to \$1.5 million!
- * The Back Safety Education portion of the testing session was enhanced by including a safe lifting demonstration and a five-minute DVD clip on safe lifting.

Medical Only/Indemnity Claims Opened & Claims Closed During Fiscal Year



In spite of the increase in total claims opened last fiscal year, the trend is still positive, as total Indemnity Claims (involving lost time from work and a greater potential for permanent disability) have decreased.

COUNTYWIDE WORKERS' COMPENSATION OUTCOMES

It is through CCCSIG's quality claims administration, cost-saving efforts such as promptly reporting injuries, return-to-work program, medical cost containment activities and a focus on reducing future liabilities by closing and/or settling claims (thereby greatly reducing medical exposure) that the cost of workers' compensation has reduced for member districts.

Although CCCSIG recognized an increase in reported claims from 2008/09 to 2009/10, the Claims Department has managed to resolve and settle claims to a point that CCCSIG reached the lowest total for open claims in the last five years (1,485 open claims)!

This was achieved by implementing claim-reduction strategies such as settling existing Future Medical claims and pursuing settlements that eliminate future medical inventory growth, given that these claim types have the potential to linger on for years with high dollar reserves attached.

As noted in the Estimated Countywide Savings below, closing the Future Medical claims by settlement has reduced the outstanding liabilities by over \$1.6M for 2009/10, savings that can be put back into the classroom!

WORKERS' COMPENSATION

ESTIMATED COUNTYWIDE SAVINGS IN 2009/10

- UTILIZATION REVIEW \$432,912
- EARLY RETURN TO WORK \$1,039,969
- BILL REVIEW \$339,105
- PHARMACY BENEFIT MANAGEMENT \$22,396
- FUTURE MEDICAL/COMPROMISE & RELEASE CLAIM SETTLEMENTS \$1,593,725
- COMBINED TOTAL \$3,428,107
- COMPANY NURSE 39% (Calls w/no Medical)

WORKERS' COMPENSATION 2009/10 OVERVIEW

CCCSIG's goal for claims administration is to provide timely and accurate benefits to injured employees, while focused on containing costs. Some ways that CCCSIG met those goals in 2009/10 were:

- * The Nurse Case Manager established weekly "temporary disability meetings" to optimize return-to-work savings and intervene with treating physicians when the Official Disability Guidelines are extended beyond expectations, based on the employee's medical history and treatment/recovery process.
- * CCCSIG developed a reporting tool for districts to use to bring employees back to work when temporary work restrictions have been provided by the treating physician, which aids in the employee's recovery, as well as provides temporary work services to the district and reduces lost time exposure.
- * The Pharmacy Benefit Management Program through ESI was put into place, which focuses on increasing safety and clinical effectiveness for district employee's prescriptions. Some of the features of the program include correcting drug regimens to ensure patient safety, decreasing the use of brand prescriptions being dispensed to save money and identifying high risk claims for CCCSIG's Nurse Case Manager to take appropriate action to reduce medical exposure.

CCCSIG's claims department will continue to focus on cost containment as recent legislative decisions are expected to increase indemnity costs related to permanent disability, and are projecting medical cost inflation.

CCCSIG STRATEGIC PLAN GOALS - 2010/11

GOAL 100 - HEALTH & SAFETY SERVICE QUALITY

To promote a safe and healthy working environment

Evaluate Communication Platform by Which to Communicate and Promote the Various Types of H&S Services & Information to Key Contacts, Specific Department Heads and/or Employee Groups
Explore Additional Ways Technology may be Utilized to Further Promote and Deliver Health & Safety Services*

GOAL 200 - GOVERNANCE & MEMBERSHIP OUTREACH

To actively engage all participants at all levels in cooperative efforts to achieve this mission

Evaluate Communication Platform by Which to Communicate and Facilitate Interactions between Districts Regarding Support for Implementation of Programs*
Evaluate EAP Pilot Program for JPA's for Future Offering Consideration*

GOAL 300 - COST CONTAINMENT & CLAIMS CONTROL

To implement effective cost containment activities

Streamline Department Efficiencies for Processes
Review Current Vendor/Provider Pricing Agreements

GOAL 400 - FINANCIAL STRENGTH

To administer programs that are fiscally sound and provide stable rates

Ongoing Oversight of Group's Financial Health & Equity Growth*

GOAL 500 - ORGANIZATIONAL EXCELLENCE

To work together to maintain a positive and productive work environment and to utilize technology to streamline operations

Continually Review and Implement New Use of Technology to Support Streamlined Operations Groupwide & Deliver Member Services & Communications*

Data Mining from iVOS to use for Reporting

Establish a succession planning strategy to provide readiness within the organization for leadership roles*
Continue Board Communication and Reporting out to the Group's Employees About Their Value as Part of the Program and What Districts are Facing: State of the State*

*Long term Strategic Plan Goals

HEALTH BENEFITS PROGRAM

HEALTH BENEFITS PROGRAM HIGHLIGHTS IN 2009/10

The Health Benefits Program continues to focus on the areas of wellness and prevention, communicating with subscribers each month through an electronic link to "Harmony for Health", highlighting health prevention educational topics provided by Anthem Blue Cross and Kaiser Permanente.

Annual fall flu vaccinations during open enrollment for program participants continue through the Anthem Blue Cross Wellness Fund and Kaiser Healthworks health and wellness offerings to members.

A strategic focus for the Health Benefits Committee this coming year is to create a communications platform providing information around healthcare outcomes and costs within the subscriber's provider community as educational resources for program subscribers.



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 (asterisks). CCCSIG's Board of Directors (as of 9/10):

BOARD OF DIRECTORS

- * Chris Learned, Board President
Acalanes Union High SD
- * Sheri Gamba, Vice President
West Contra Costa USD
- * Margaret Kruse, Secretary
Brentwood Union SD
- * Kindred Murillo, CCC College District
- * Bill Clark, CCC Office of Education
- * Lenee Cadotte, Lafayette SD
- * Kathy Bell, Moraga SD
- * Marcus Battle, Walnut Creek SD
- Donald Gill, Antioch Unified SD
- Gaby Hellier, Byron Union SD
- Gloria Faircloth, Canyon Elementary SD
- Mike McLaughlin, John Swett USD
- Teresa Sidrian, Knightsen Elementary SD
- Rick Miller, Liberty Union High SD
- Liz Robbins, Martinez USD
- Greg Rolen, Mt. Diablo USD
- Debra Fogarty, Oakley Union Elementary SD
- Jerry Bucci, Orinda Union SD
- Dorothy Epps, Pittsburg USD
- Robert Haley, St. Helena USD
- Mike Bush, Castro Valley 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 9/10):

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, Sr. 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 Davis, Bill Review Spec.
- Lisa Stewart, P/T Bill Review Spec./Claims Asst.
- *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
- Cherry O'Mary, Claims Assistant
- Maria Villar, Claims Assistant

*CCCSIG Management Team

CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP 2009/10 ANNUAL REPORT



PARTNERING WITH OUR SCHOOLS FOR SUCCESS



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

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