

2011/12 MEMBER LETTER

CCCSIG is celebrating 35 years as a Joint Powers Authority!

In response to the insurance market crisis impacting public entities in the mid 1970's, the California Legislature approved the formation of Joint Powers Authorities (JPA). Consequently, the CCCSIG JPA was formed in July 1977 for the purpose of providing Contra Costa County school districts with self-insurance for workers' compensation.

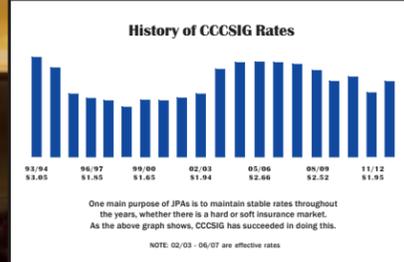
Rather than outsourcing through a third party (for profit) claims administrator, the Board of Directors decided in 1995 to move to a self-administration model for workers' compensation claims and health and safety services. This strategic move improved services for employees, reduced costs for member districts and provided better claims outcomes.

As a member-owned, member driven JPA, CCCSIG is dedicated to member-focused services that help keep ex-mods down, providing stable rates at less than industry standards and maintaining a strong financial position to pay claims costs. These attributes are recognized through the "Excellence Accreditation" from the California Association of Joint Powers Authorities.

It is always helpful to look back to see where you have come from, in order to assist in defining your future. In 1977 CCCSIG was a viable solution for member districts' workers' compensation insurance needs and remains so today. In fact, the program was expanded in 2004 to offer health insurance to member districts. Thirty-five years later, the JPA continues to meet the needs of its member districts through rate stabilization measures helping keep rates down while member districts endure the state fiscal crisis.

CCCSIG's history will always be an integral part of its future. It will continue to focus on working through its strategic goals and objectives in the most effective and efficient manner possible. In turn, rates will remain in check, which ultimately allows more resources to contribute to and enhance public education.

Chris Learned, Board President **Bridget Moore**
Associate Supt./Business Svcs., AUHSD **Executive Director**



- WHAT TO WATCH FOR IN 2012/13:**
- *Fall & Spring Healthy Lifestyle Programs
 - *New Instructor-Led Trainings (Communication/Conflict Resolution)
 - *CPI Nonviolent Crisis Intervention Trainings
 - *NEW: Monthly Safety & Wellness Webinars
 - *Onsite Health Screenings
 - *Online Training
 - *Ergonomics Evaluations (Office & Materials Handling)
 - *Office Ergo Day
 - *4th Annual 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, Food Service Drivers, Special Education Instructional Assistants, Building and Grounds Maintenance Workers, Equipment Mechanics, Special Education Bus Drivers, Warehouse Workers and Warehouse 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.

Stats/Results:

- * From 7/1/00 to 6/30/12, CCCSIG tested a total of 6,097 applicants with fail and medical clearance rates of 8% and 1%, respectively.
- *Workers without sufficient strength to perform physical job tasks may incur injuries of overexertion, which accounts for a significant number of all work-related back injuries. The average back injury costs \$25,000. In FY2011/12, had the 61 applicants who failed the test been hired and injured, it could have potentially cost the districts up to \$1.5 million!

Highlights from 2011/12:

- * A validation study was conducted for new occupational groups: Warehouse Worker, Food Service Driver and Warehouse Driver.
- *Previously validated occupations within four districts were restudied (CCCD, MSD, WCCUSD and OUESD); and it was determined that CCCSIG does not need to redevelop the strength test within any of these districts. This process occurs every 10 years or when major changes have occurred within an occupation.



SUCCESS STORIES!!

The Claims Department had its bi-annual claims audit in Spring 2012. The audit covered a mix of 14 different categories for both individual and departmental standards. CCCSIG received letter grades of "A" in 13 of the 14 reviewed standards and the remaining grade was a "B".

CCCSIG is very pleased with the outcome of the audit because it validates the continued efforts to provide excellent customer service to injured workers and member districts. The positive claims audit is also one of the many pieces required for CCCSIG to maintain its accreditation with CAJPA.

The auditor noted that "the 2012 audit demonstrated that CCCSIG continues to progress towards providing superior claims management in all categories of the discipline." As with any audit CCCSIG will use this as a tool to achieve greater results in all areas.

2011/12 WORKERS' COMPENSATION OVERVIEW

The great majority of last fiscal year's workers' compensation intricacies remained pretty much intact with the prior year despite rumors of regulatory changes to permanent disability rates and how those figures would be calculated. The end of the fiscal year did, however, find CCCSIG's Claims Department preparing for the onset of medical provider electronic billing requirements. CCCSIG is now in a position to receive, process and pay those provider bills electronically, which is anticipated to drastically decrease the lag time involved with mailing invoices and checks.

The Claims Department also went through the process of implementing and utilizing a mandatory electronic data reporting procedure that allows for immediate updates to the State with benefit payment changes made to injured workers.

Finally, a greater focus is being placed on the oldest cost containment program, Early Return-to-Work. CCCSIG realizes that a "one size fits all" approach to this program will not work across all of the various types of educational institutions and departments that make up the member districts. For this purpose, CCCSIG works diligently to tailor the program guidelines to fit the needs and requirements of the specific district. Understanding that these needs may change over time it is to be expected with any effective early return-to-work program in order to prevent temporary positions from becoming "stale" and to constantly look to create new temporary positions where the district need is most prevalent.



FINANCIAL UPDATE

Stable Assets: CCCSIG continues to hold a very stable asset base made up primarily of cash, investments and facilities that reached a high of \$97 million in 2009/10, and was at \$92M at the end of 2011/12 (after returning \$4M of equity growth/equity to its members in 2010/11, and an additional \$3.8M in 2011/12). 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 and administration costs and providing its members 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 went from \$22.8M in 2000 to \$63.0M in 2005, 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.

Due to this strong level of Net Assets, 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 an operational surplus for 2009/10 of \$3.4M prior to the rebate. With the Net Assets remaining strong, the Executive Committee elected to reduce the 2010/11 actuarial rate of \$2.43 to a base rate of \$1.95, with the intent of returning an additional \$4M of equity growth/equity to its members! In 2011/12 the Executive Committee chose to lower the actuarial rate of \$2.41 to a base rate of \$1.95, returning \$3.8M more using equity growth/equity to help members during these difficult financial times.

OVERVIEW OF HEALTH & SAFETY SERVICES

The purpose of the CCCSIG Health and Safety Services Department is to provide member districts with a variety of customized health and safety services that will assist districts in reducing employee injuries and enhancing the overall health of the workforce. In FY2011/12, CCCSIG delivered 1,537 services that reached 9,610 participants. The top three occupations to receive the most services were also the top three most frequently injured occupations: Teachers (Slip, Trip and Fall); Custodial/M&O/Grounds (Carry/Lift); and Instructional Assistants (Student Behavior-related). Below are three of the core programs that specifically address the top three occupations and their number one cause of injury:

Slip, Trip Fall (STF) Prevention Campaign for Teachers

The STF Prevention Campaign, developed in FY2009/10 to reduce the frequency and severity of employee STF incidents, includes student poster contests, site inspections, senior management safety emails to staff, online STF Prevention training for teachers, safety articles in Crossroads newsletter and administrator trainings. From FY2009/10 to FY2011/12, the frequency of all reported STF incidents and claims decreased by 10% and 8%, respectively, among all employees; and 16% and 20%, among teachers.

Health & Safety Summer Program for Custodial/M&O/Grounds

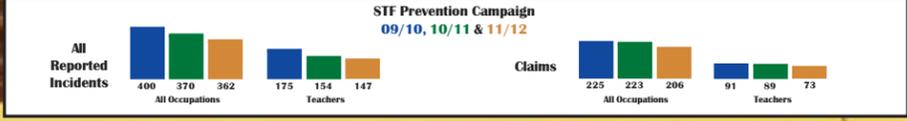
This 3-hour, annual program, first conducted in FY1994/95, includes interactive, job-specific safety, wellness and CalOSHA trainings. Over the past five years CCCSIG has also included body composition and blood pressure screenings (see photo). In FY2011/12, CCCSIG conducted 28 programs and 885 health screenings among 18 districts and 769 employees. Results: between FY1994/95 and FY2011/12, the total number of program-related incidents for these occupations combined is down by 40%. Other potential contributing programs include the new hire strength testing and custodial ergonomics evaluation program.

CPI Nonviolent Crisis Intervention Program for Instructional Assistants

This eight-hour training, developed in FY2007/08 to address the rising number of student behavioral-related incidents among instructional assistants, provides opportunities to discuss and practice key concepts while learning proven, practical skills to de-escalate disruptive or assaultive students. In FY2011/12, CCCSIG conducted 31 CPI trainings among 15 districts and 256 participants. Results: the total number of student behavior-related incidents and claims among Instructional Assistants employed within the 15 participating districts combined decreased 25% and 23%, respectively, between FY2010/11 and FY2011/12.

District Health & Safety Incentive Program

18 districts participated in the District Health & Safety Incentive Program. Nine districts completed 100% of the requirements: Acalanes UHSD, Brentwood USD, CCC Office of Education, Liberty UHSD, Martinez USD, Moraga SD, Oakley UESD, Pittsburg USD and San Ramon Valley USD.



ESTIMATED COUNTYWIDE SAVINGS IN 2011/12

- UTILIZATION REVIEW: \$758,750
- EARLY RETURN TO WORK: \$922,085
- BILL REVIEW: \$375,767
- PHARMACY BENEFIT MANAGEMENT: \$30,771
- FUTURE MEDICAL/COMPROMISE & RELEASE CLAIM SETTLEMENTS: \$1,025,849
- COMBINED TOTAL: \$3,113,222
- COMPANY NURSE: 36% (Calls w/no Medical)

HIGHLIGHTS FROM THE 2011/12 WC CLAIMS AUDIT

As noted in Success Stories, the Workers' Compensation Claims Audit was completed with great success in 2011/12! Following are some highlights:

- *Caseload figures lead to efficient manageability and accountability on the part of the Claims Examiner
- *Systems in place provide aid to staff in planning case strategies and executing with efficiency
- *Response to Injured Workers' inquiries were rapid, communications with districts on benefit integration and accommodation of medical work restrictions prompted by the Early Return-to-Work Specialist were excellent
- *Nurse Case Manager works very well with Claims Examiners to, "control treating physicians", aid in return-to-work, assist in management of complex medical cases and oversee the Utilization Review process
- *Claims veterans are assertive with litigation management and defense of claims, reserving standards, excess reporting and claims resolution
- *Benefits, notices and wage statements - CCCSIG does a very good job of managing the complexities of complying with benefits, benefit notices for school districts, and evaluating wage statements, a core function of the Claims Assistants
- *Information Systems teamed up with the Claims Department Management to integrate iVOS into a "paperless" claims department, which frees up Claims Examiners, staff and management from processing paper, allowing them to perform the more complex functions of claims administration

All CCCSIG Examiners have passed the California Self Insurance Administrator's examination which tests technical knowledge of Workers' Compensation Law and its Application.

AUDITED 2011/12 FINANCIAL STATEMENTS INCLUDED AS INSERT IN THIS REPORT.

THE POWER OF CONTAINMENT

HEALTH BENEFITS PROGRAM HIGHLIGHTS IN 2011/12

Reducing Healthcare Costs

The Health Benefits Committee continued evaluating potential cost savings with Anthem Blue Cross and Kaiser Permanente, looking at moving from current multiple plan designs among participating districts to a JPA "common plan design". Member districts held educational sessions for employees about the "common plan design" option as a possible offering for Plan Year 2013. However, after receiving initial rates for Plan Year 2013, for most member districts, the "common plan design" rates would not achieve the anticipated cost savings. In part, this was due to the differential in plan designs to the common plans such as the co-pays and the 2013 renewal increase, which was higher in comparison to 2012. The Committee will continue its efforts to identify options for reducing healthcare costs.

Plan Year 2013 Rates

Plan Year 2013 renewal rates with Anthem Blue Cross show an increase of 9.9% for the HMO and EPO plans and a 9.5% increase for PPO. Kaiser Permanente's renewal shows an increase of 5.3% for the HMO and DHMO plans.

Wellness & Prevention

Wellness and Prevention efforts continue - Kaiser Permanente wellness posters were provided to member districts to display at their sites and Anthem Blue Cross provided a listing of wellness Webinars along with a quick link online wellness resource tool for members.

In addition, members receive a monthly electronic link to the CCCSIG webpage, "Harmony for Health", which highlights health education topics provided by Anthem Blue Cross and Kaiser Permanente.

Annual fall flu vaccinations will be offered during open enrollment for program participants through the Anthem Blue Cross and Kaiser Wellness Fund.



THE POWER OF STRATEGY

CCCSIG's Board of Directors met in May 2011 to discuss CCCSIG's Strengths, Weaknesses, Opportunities & Threats (SWOT). The long-term Strategic Priorities approved by the Executive Committee are noted below along with steps taken in 11/12 to meet these goals:

CONTINUED GROWTH

Consider addition of K-12 & Community College Districts
Consider expansion into other areas of coverage (Property & Liability/Dental & Vision)

*JPA - Workers' Compensation "New" Membership - General Information for Membership Consideration and Application Process was updated in July 2011

*"Membership Interest" tab linked to JPA information and application process added to home page of CCCSIG website

CONTINUED EDUCATION ABOUT CCCSIG & JPAs

Provide additional education to Board Members regarding JPAs and the responsibility of a Board Member

*Continue Board Director education of roles and responsibilities of JPAs

*Consider a Board of Directors survey focused on what information would be valuable to broaden their role and deepen knowledge of JPAs

LEVERAGE CCCSIG'S ASSETS AND OVERALL ADMINISTRATIVE INFRASTRUCTURE

When considering growth, maximize the resources of CCCSIG's excellent management and staff, systems, strong financial foundation and reputation for transparency and integrity

*Respond to opportunities for school districts interested in the CCCSIG JPA and program membership for Workers' Compensation and Health Benefits, emphasizing the many services that CCCSIG provides to its members

EXPLORE NEED FOR LEGISLATIVE/REGULATORY STRATEGY

Consider using CCCSIG's reputation for excellence and being a leader among JPAs to become an advocate for legislation for JPAs

*The CCCSIG Management Team is actively engaged in networking in direct and related fields and within and outside of the JPA community to influence legislative activities on behalf of public agencies

CCCSIG's management will continue to work closely with the Executive Committee to develop goals and objectives in order to meet these long term strategic priorities.

THE POWER OF TEAMWORK

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 9/12):

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
- * Tim Forrester, Antioch USD
- * Eugene Huff, CCC College District
- * Bill Clark, CCC Office of Education
- * Lenee Cadotte, Lafayette SD
- * Kathy Bell, Moraga SD
- * Jessica Romeo, San Ramon Valley USD
- Gaby Hellier, Byron Union SD
- Gloria Faircloth, Canyon Elementary SD
- Mike McLaughlin, John Swett USD
- Teresa Sidrian, Knightsen Elementary SD
- Debra Fogarty, Liberty Union High SD
- Andrea Stubbs, Martinez USD
- Greg Rolen, Mt. Diablo USD
- Cindy Peterson, Oakley Union Elementary SD
- Loreen Farrell, Orinda Union SD
- Dorothy Epps, Pittsburg USD
- Kevin Collins, Walnut Creek SD
- Bill McGuire, St. Helena USD
- Dr. Candi Clark, Castro Valley USD



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 9/12):

ADMINISTRATION

- ***Bridget Moore, Executive Director**
Denise Cifelli, Executive Asst.
Heidi Flanagan, Executive Asst.
- ***Erica Williamson, Communications/HR Mgr.**
Maria Villar, Office Assistant II
Stephanie Tyler, Office Assistant
Enid Vazquez, P/T Office Assistant
- ***Joe Emmett, Chief Financial Officer**
Veeda Jafari, Accountant
Deborah Anderson, Accounting Spec.
Victor Ammay, IS Spec.
Donna Martinez, IS Spec.

BILL REVIEW SERVICES

- Debra Mallett, Sr. Bill Review Spec.
- Deberia Gold, Sr. Bill Review Spec.
- Spivey Nugent, Sr. Bill Review Spec.
- Tisha Davis, P/T Bill Review Spec.

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, Sr. Health & Safety Svcs. Spec.
Michael Griffith, P/T Strength Testing Technician

WORKERS' COMPENSATION

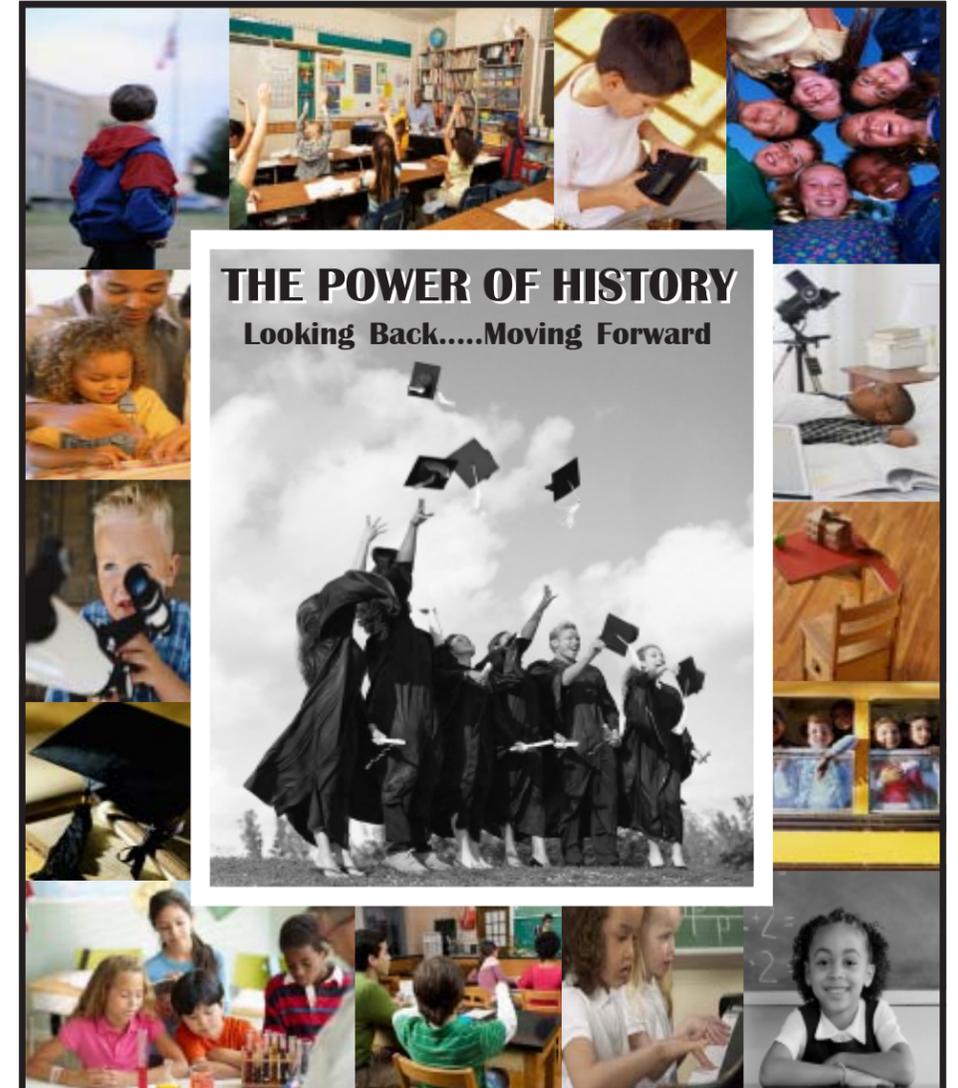
- ***Michael Clark, Claims Mgr.**
- ***Karen Hurd, Claims Supervisor**
Patty Harrer, Nurse Case Mgr.
Marilyn Verducci, Early Return-to-Work Spec.
Christopher Torres, Sr. Claims Examiner
Jackie Balley, Sr. Claims Examiner
Kim Williams, Sr. Claims Examiner
Melanie Marz, Sr. Claims Examiner
Sarah Robinson, Sr. Claims Examiner
Mary Phillips, Claims Examiner
Michele Sibilla, Claims Examiner
Cathy Bullert, Claims Assistant
Cherry O'Mary, Claims Assistant
Lisa Stewart, Claims Assistant
Tisha Davis, P/T Claims Assistant

***CCCSIG Management Team**

Contra Costa County Schools Insurance Group

Established 1977 - Self-Administration 1995

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THE POWER OF HISTORY

Looking Back.....Moving Forward



CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP
 2011/12 ANNUAL REPORT

Celebrating 35 years of contributing to and enhancing public education

