

2012/13 Member Letter

CCCSIG's Mission and Vision statements are a guide to use while working together as one with member districts to achieve excellence and continuously working to improve and enhance the educational opportunities for students. Fittingly, a common goal of excellence is achieved with member districts.

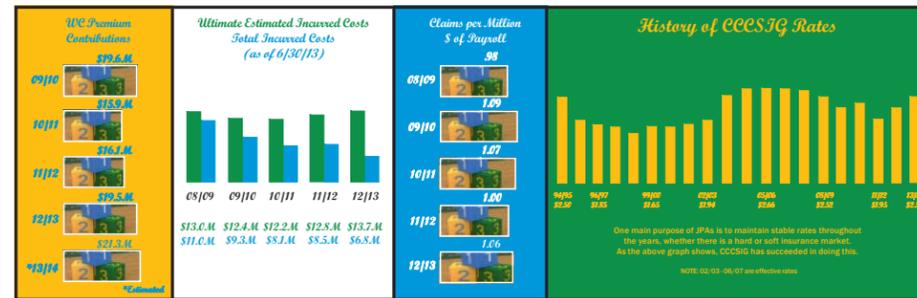
CCCSIG's management team looks forward to the opportunity to meet with member districts each year to share the Group's common goals and accomplishments, that include district specific achievements in cost containment and health and safety. Throughout the annual report each district member will recognize **their** contributions to CCCSIG's success, led by a committed and involved Governing Board, Executive Committee, and with hard work by Health and Safety Representatives and Claims Coordinators countywide.

A major goal for CCCSIG's member-owned, member-driven JPA is rate stabilization. CCCSIG's conservative fiscal management has provided member districts the opportunity to utilize \$9.9 million of equity/equity growth to return funds over the past three years by reducing the premiums CCCSIG member districts paid in for those fiscal years.

Each district's ownership stake in the long-term decisions of the pooled resources has stabilized and reduced costs. This is partially accomplished with the development of effective educational and prevention services, including claims administration utilizing a focused risk management approach. Reduced employee injuries and enhancement of the overall health of employees ultimately allows more resources for education and the future goals for children in the schools.

Chris Leaned, Board President
Associate Supt./Business Svcs., **AMUSD**

Bridget Moore
Executive Director



Financial Update

Throughout the recession that everybody has had to deal with over the last six years or so, CCCSIG has maintained a strong financial position. During this time when member districts have dealt with many difficult financial issues, CCCSIG is proud to have been able to be a source of help. Thanks to the direction and foresight of the Board of Directors, CCCSIG was able to return just under \$13.4 million of equity growth/equity to its members during this time.

After ending the 2008/09 fiscal year with Net Assets of \$24.7 million, the Board declared a \$3.5 million rebate in fiscal year 2009/10. Due to an operational surplus of \$3.4 million prior to this rebate, CCCSIG ended the year with \$24.6 million in Net Assets! With Net Assets remaining so strong, the Executive Committee elected to lower the 2010/11 actuarial rate of \$2.43 to a base rate of \$1.95, returning approximately \$4 million of equity growth/equity to its members. During this fiscal year the investment market deteriorated substantially, which required CCCSIG to reduce the discount rate for claims liabilities from 4% to 3.13% (discounting is the reduction of claims liabilities to reflect the fact that premiums held to pay future expenses earn interest). The effect of this discount rate reduction was to lower the Net Assets by \$3.6 million. With an \$800K operational surplus, the change in Net Assets for 2010/11 ended up being \$6.8 million, leaving \$17.8 million.

With Net Assets still being in a strong position, the Executive Committee chose to again lower the 2011/12 actuarial rate of \$2.41 to a base rate of \$1.95, returning an additional \$3.8 million of equity growth/equity to its members. The investment market continued to struggle during this year, which resulted in another lowering of the discount rate for claims liabilities from 3.13% to 2.89%, which lowered the Net Assets by another \$1.1 million. With \$1.7 million more of positive operational results, CCCSIG was able to offset some of the returned equity and the impact of the lowered discount factor, ending the year with Net Assets of \$14.7 million, a reduction of \$3.1 million.

For 2012/13 the Executive Committee chose to once again help our members by returning equity, but wanted to start moving the base rate closer to the actuarially determined rate. The \$2.58 actuarial rate was lowered to a \$2.32 base rate, which resulted in an additional \$2.1 million of equity growth/equity being given back to CCCSIG's member districts. During this fiscal year the investment market became more stable, which meant the lowering of the discount rate was much smaller, requiring CCCSIG to go from 2.89% down to 2.79% for a lowering of Net Assets of \$98K. The operational surplus for this year was able to offset almost the entire amount of the equity return and discount rate adjustment, with Net Assets only decreasing by \$21K to \$14.6 million!

Audited 2012/13 Financial Statements Included as Insert in this Report.

Committed to Health & Safety

Overview of Health & Safety Services

The purpose of the CCCSIG Health and Safety Services Department is to provide health and safety services that assist districts in reducing employee injuries and enhancing the overall health of the workforce. In FY12/13, CCCSIG delivered 1,615 services that reached 8,843 participants. The core programs are as follows:

Post Offer, Pre-Placement Evaluation Program (PEP)

The purpose of the strength testing program (PEP) is to determine if new hires in the following occupations possess the minimum level of strength necessary to perform the essential physical tasks of the job: Custodians, Food Service Workers, Special Education Instruction Assistants, Building and Grounds Maintenance Workers, Delivery Drivers, Warehouse Workers, Equipment Mechanics and Special Education Bus Drivers. From 7/1/00 to 6/30/13, CCCSIG has tested a total of 6,780 applicants with fail and medical clearance rates of 8% and 2%, respectively.

Health & Safety Trainings

Annual Health & Safety Summer Program, developed in FY94/95, is a three hour program designed for Custodians, Maintenance/Operations and Grounds employees. The program includes interactive and job-specific safety, wellness and CalOSHA-mandated trainings, along with blood pressure and body composition screenings. In FY12/13, CCCSIG conducted the program for 807 employees among 18 districts.

CPI Nonviolent Crisis Intervention Program, initially developed in FY07/08, for Instructional Assistants; and later expanded to include Campus Supervisors/Administrators, is an eight hour training that provides employees opportunities to discuss and practice key concepts while learning proven, practical skills to de-escalate disruptive or assaultive students. In FY12/13, CCCSIG conducted the training for 277 employees among 12 districts.

Online Training Program (PublicSchoolWorks), first offered in FY10/11, provides an additional training option that can assist in reaching a greater number of employees with important health, safety and HR-related messages. In FY12/13, 3,120 employees completed a course module among 9 districts.

Webinars/On-Demand Online Videos. After experimenting with webinars in FY12/13, CCCSIG discovered that more employees were viewing webinar recordings than attending scheduled webinars, which led to CCCSIG creating its own on-demand, online videos, the first one titled, "Heat Illness Prevention".

Ergonomic Evaluations

The purpose of conducting an ergonomic evaluation is to identify risk factors that may lead to musculoskeletal disorders (MSDs), determine any feasible engineering or administrative control measures to reduce or prevent employee exposure to MSDs and identify appropriate types of personal protective equipment where effective engineering controls are not feasible. In FY12/13, CCCSIG conducted 148 ergonomic evaluations among 13 districts.

District Health & Safety Incentive Program

The purpose of the District Health & Safety Incentive Program is to encourage districts to complete program requirements that will assist them in building/maintaining their district's health and safety culture; mitigating high risk trends; and maintaining CalOSHA compliance. Participating districts receive up to 1% of their premium to apply toward employee health and safety. In FY12/13, 18 districts participated in the program and 9 districts completed 100% of the requirements: Antioch USD, Acalanes UHSD, Brentwood USD, CCC Office of Education, John Swett USD, Liberty UHSD, Moraga SD, Oakley Union Elementary SD and Pittsburg USD.

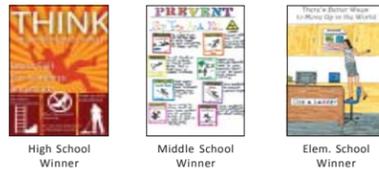
Healthy Lifestyle Programs

The purpose of CCCSIG's Healthy Lifestyle Programs are to motivate employees to increase and/or maintain their current level of fitness, eat healthier and/or improve other health and safety behaviors. In FY12/13, CCCSIG provided the following three programs for 1,246 participants among 18 districts:

- Health & Fitness League (HFL)
- Strive for 5
- Move More Mystery Challenge

4th Annual Student Poster Contest Results

The purpose of the annual Student Poster Contest, started in FY09/10, is to raise awareness of the high frequency and severity of slip, trip, fall incidents countywide and tips for preventing them. In FY12/13, 110 posters were submitted by students from five districts (Martinez USD, Pittsburg USD, Antioch USD, Acalanes UHSD and Brentwood USD). First place winners and their art teachers received \$100. Posters were reproduced and distributed countywide.

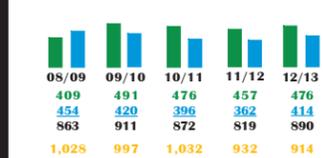


What to Watch for in 2013/14

- *On-Demand, Online Videos by CCCSIG (Accident Investigation, Slip/Trip/Fall Prevention, Globally Harmonized System, Ergonomics & Bloodborne Pathogens)
- *New Online Trainings by PSW (Active Shooter, Incident Investigation & Child Abuse Reporting)
- *New Employee Health & Safety Orientation Resources Webpage
- *Fall & Spring Healthy Lifestyle Programs
- *Communications Trainings (Taking the War Out of Words, Listen Up! & Dealing with Difficult People)

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

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



Success Stories

CCCSIG's Claims Department was able to lower overall litigation costs in FY12/13 by greater than \$62,000 from the previous fiscal year. These savings are attributed to the Claims staff taking the initiative to perform as many court related and legal activities that they can before there is an absolute necessity to refer a file out to legal counsel.

The experienced Claims staff collectively has over 100 years of experience in adjudicating workers' compensation claims, which gives them great insight and knowledge to navigate through the claims litigation process.

2012/13 Workers' Compensation Overview

Senate Bill 863 provided the California workers' compensation community with a whirlwind of changes resulting from a compromise between both labor and management. The majority of changes took effect January 1, 2013. The most significant changes were made to permanent disability benefits which increased the *minimum* weekly rate from \$130 to \$160 and also increased the *maximum* weekly rate from \$270 to \$290 per week. These changes are made so that employee compensation amounts more accurately reflect the loss of an employee's future earnings. As a result, workers' compensation settlements for the same injuries occurring in previous years have become more expensive to resolve. In 2012, a back injury claim that rated to 30% permanent disability was the equivalent of \$30,130 in benefit payments. In 2013, the same injury is the equivalent of \$34,960 in permanent disability benefits, which is a difference of \$4,830.

While there are increases to permanent disability benefits for injured workers, the bill is also designed to lower and better contain medical treatment and expense costs. Some of these savings are achieved through regulatory decreases to ambulatory surgery centers, repealing requirements that a second opinion be obtained in the case of a request for spinal surgery and the elimination of "added" body parts such as sleep dysfunction, sexual dysfunction and psychiatric disorder.

Other cost savings measures within the bill require the state to establish an Independent Medical Review process and an Independent Bill Review process for purposes of streamlining medical treatment and billing disputes.

Quality Built Containmentment

ESTIMATED COUNTYWIDE SAVINGS IN 2012/13

UTILIZATION REVIEW \$792,603

EARLY RETURN TO WORK \$1,032,842

BILL REVIEW \$554,225

PHARMACY BENEFIT MANAGEMENT \$31,694

FUTURE MEDICAL/COMPROMISE & RELEASE CLAIM SETTLEMENTS \$1,025,849

COMBINED TOTAL \$3,437,213

COMPANY NURSE 42% (Calls w/no Medical)

Workers' Compensation Audit

The Audit Unit of California's Division of Workers' Compensation recently conducted its routine regulatory Profile Audit Review (PAR) of CCCSIG's Claims Department operations.

The audit is to ensure that CCCSIG's member districts' injured employees have received promptly and accurately the full measure of compensation and information to which they are entitled under the workers' compensation laws of the State. The audit criteria included payments to injured workers, notice of rights to injured workers and authorizations for requested medical treatment of injured workers.

The Claims Department successfully passed all phases of the audit process which further demonstrates the knowledge, skill and expertise of the department's ability to properly adjudicate workers' compensation claims of all types and complexities.

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

2012/13 Health Benefit Program Highlights

Education Around Health Care Reform

The primary focus for the Health Benefits Program Committee this past year has been on learning about health care reform and the impact to member districts. On the CCCSIG website (www.cccsig.org) in the Health Benefit Program section are a number of presentations provided by the Health Benefit Program's Insurance Broker, Debra DeSpain/Keenan & Associates, titled "Affordable Health Care Information." The topics discussed throughout the year were - Individual Mandates, Employer Shared Responsibility, ACA Full-Time Employee, Government Subsidies, Penalty Tax, Measurement Period and Workforce Definitions, Data Requirements and numerous examples, as well as a Question and Answer session.

Plan Year 2014 Rates

Plan Year 2014 renewal rates with Anthem Blue Cross show an increase of 8.74% for the HMO and EPO plans and a 13% increase for PPO. Kaiser Permanente's renewal shows an increase of 7.33% for the HMO and MHMO plans.

Wellness & Prevention

Wellness and Prevention efforts continue - CCCSIG Monthly *Harmony for Health* is an e-Communication containing wellness and educational information from both Anthem Blue Cross and Kaiser Permanente. Back by popular demand - the annual Fall flu vaccination clinics offered during open enrollment for program participants and funded through the Anthem Blue Cross and Kaiser Wellness funds.



Flexibility to Build Upon Success

CCCSIG wished to gain an understanding of the current perceptions of its agency's programs and services to ensure they continue to meet the needs and expectations of its members and to help in the strategic planning process. Specifically, research was conducted to gain a better understanding of key stakeholders' perceptions of:

Most effective programs to contain workers' compensation costs and reduce losses

Awareness of CCCSIG's role in the districts

CCCSIG strengths/weaknesses

Key Objectives CCCSIG should undertake

Key avenues for CCCSIG to communicate with districts and sites

New programs/services CCCSIG should research

Surveys were completed by Board Members, Alternate Board Members, Superintendents, Health & Safety Coordinators, Claims Coordinators and Human Resources Representatives from CCCSIG's member districts.

The responses to the individual questions were overwhelmingly positive and highlighted that CCCSIG is being proactive in meeting district's needs in order to **maximize the human and financial resources of its members in order to contribute to and enhance public education.**

CCCSIG's Executive Committee has received a full report of the results, and the Board of Directors will be presented with same at the Annual Board Meeting.

TOP STRENGTHS NOTED:

Supportive/Excellent Management Team & Staff
Customer Service/Quality of Service
Communication
Training



OF THE KEY STAKEHOLDERS WHO RESPONDED:

62% were EXTREMELY Satisfied
34% were VERY Satisfied
(4% - 1 survey - did not respond)

Together Everyone Achieves More

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 9/13) :

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
- Paul Disario, John Swett USD
- Teresa Sidrian, Knightsen Elementary SD
- Debra Fogarty, Liberty Union High SD
- Andrea Stubbs, Martinez USD
- Bryan Richards, 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 9/13) :

ADMINISTRATION

- *Bridget Moore, Executive Director
Heidi Flanagan, Executive Asst.
- *Erica Williamson, HR/Communications 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, Sr. 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.

HEALTH & SAFETY SERVICES

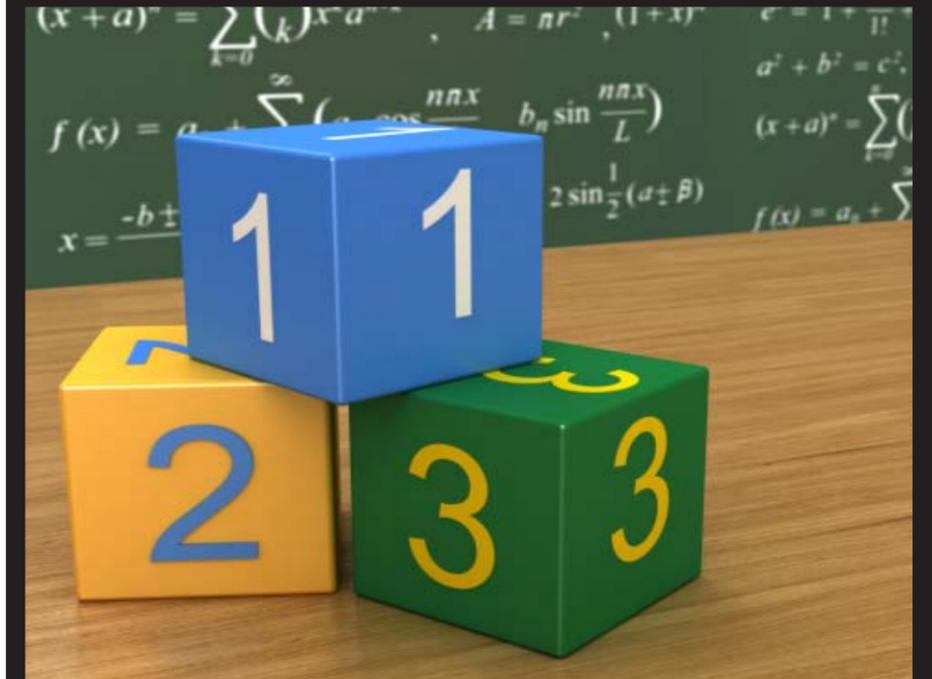
- *Denise Schreiner, Health & Safety Svcs. Mgr.
Steve Webber, Sr. Health & Safety Svcs. Spec.
- Susan Patterson, Sr. Health & Safety Svcs. Spec.
- Michael Griffith, Health & Safety Svcs. Spec.
- Kelley Holt, P/T Strength Testing Technician

WORKERS' COMPENSATION

- *Michael Clark, Claims Manager
- *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, Sr. Claims Examiner
- Cherry O'Mary, Sr. Claims Assistant
- Cathy Bullert, Claims Assistant
- Lisa Stewart, Claims Assistant
- Tisha Davis, Claims Assistant

*CCCSIG Management Team

Building The Future



QUALITY

FLEXIBILITY

TEAMWORK

COMMITMENT



Contra Costa County Schools Insurance Group
2012/13 Annual Report



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