

Meeting Minutes

Workers' Compensation and Employer Liability

Trust Board

Regular Meeting

September 14, 2023 | 4:00 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ



Call to Order

The meeting was called to order by Chair Longacre at 3:59 p.m.

Roll Call

Board Attendance

Chair Lily Longacre
Vice Chair Jennifer Huppenthal
Secretary Vale Gale

Other Attendance

Becky Soter, Safety Coordinator
Chris Jarosik, Medical Leave Coordinator
Kaitlyn Humphrey, Public
Kristi Smith, Financial Services Assistant Director
Kristin Maier, Human Resources Manager
Lina Alam, Accounting Supervisor
Monica Kloskowski, CorVel Corporation
Nichole Bombard, Medical Leave Coordinator
Robert Steele, Accounting Senior Manager
Roni Laxa, Assistant City Attorney
Teresa Canjar, HR Management Assistant
Tony Dominguez, Safety Coordinator

Absent

Mark Knight
Terry Bond

Scheduled and Unscheduled Public Appearances

Consent Agenda and Discussion

1. June 15, 2023 Minutes

Vice Chair Huppenthal made a motion to approve the minutes as presented from the June 15, 2023, meeting of the City of Chandler Workers' Compensation and Employer Liability Trust Board, seconded by, Secretary Gale motion carried.

Briefing

1. Stewardship Report – CorVel

Monica Kloskowski provided an overview of the Enterprise Comp Stewardship Report as of June 30, 2023. She started with the claims summary which shows the total incurred claims for the last five years. The numbers have remained consistent for the last three years. The total incurred in 2021 was of a very large COVID claim. When you remove the COVID claim, the average would have been \$12,698. 2023 is low because we are at year end. The Aged One Period Chart is a good comparison from year to year. 2021 and 2022 were high because of COVID. The Claims Count Statutory Chart show true indemnity claims where injured workers lose time from work. You will see the numbers have decreased over the last three years. Benchmarking compares the City of Chandler to CorVel's public entities. COC is a little over on the lag percentage, but only 3 days so that is not a concern. Our litigation rate is only 0.4%. Green is good and red is bad. COC's average incurred is significantly lower than CorVel's other public entities. Our indemnity percentage is 6% lower than other public entities. Medical is higher but we would rather have that instead of higher indemnity.

Vice Chair Huppenthal asked is there any type of national benchmarking and what feeds into the other public entities? Monica replied we use Arizona public entities as a comparison. National benchmarking wouldn't be a good comparison because every state has different indemnity benefits.

The nature of injuries is broken out by body parts. It shows the top five nature of injuries/body parts, and the claims counts show strains and sprains are the most common. We had a cancer claim that hit the top five this year. Indemnity claims are only open 91.2 days compared to CorVel's public entities at 127.6 which is really good. This reflects on the excellent Chandler return to work program. The Top Five Locations Summary shows Police, Fire, Public Works, Community Services and City Manager. The claim counts over the last five years have been steady. We touched on little on the Nature of Injuries in benchmarking slide. The top five are strains, contusions, sprains, and lacerations. The source of injury is detailed on the left side of the slide. The Body Part Claim Counts include fingers, knees, lower back, shoulders, and mental stress/cancer. On the Paid Financial Summary (transaction year) because we have been self-funded for such a long time, our data is stable. Our most favorable year is 2023 even with two big COVID claims. The Network Solutions side reflects our bill review and any savings we generated for the city year-by-year. We capture the fee schedule savings and PPO savings plus any large hospital bills go through a nurse peer review.

Vice Chair Huppenthal asked if provider charges go through Blue Cross Blue Shield and isn't there a discount already in place from the network? Monica responded yes and we are the only Worker's Comp TPA that has access to the Blue Cross Blue Shield network and that is how we are able to generate the extra savings for the city. Our savings run typically 20% higher than our competitors.

The Pharmacy Benefits Summary shows all prescriptions and the savings. The Prospective Review shows we have saved the city \$122,291 for 2023. We make sure employees are getting generic drugs instead of brand name drugs which is a substantial cost savings. The next slide shows the savings by year which runs 40-45% which is due to you directing your employees to our 24/7 nurse to get the pharmacy card to them. The final slide is 24/7 Nurse Triage Self-Care Savings which shows a list of phone calls. Total initial calls were 213 for 2023 with 68% being self-care which saves the city a visit to the emergency room which can be quite costly.

Vice Chair Huppenthal commented that it would be good to see the savings on the 24/7 Nurse Triage slide.

2. Annual Safety Update

Kristin Maier said the reason our numbers look so good is because our staff who work with our employees every day on safety and with those who are injured. She then introduced the Safety and Occupational Health Team. The Safety Coordinators Tony Dominguez and Becky Soter work closely with our Medical Leave Coordinators Chris Jarosik and Nichole Bombard. This is our annual Safety Program Recap for the FY 22/23.

Vice Chair Huppenthal asked if we have an occupational health clinic here? Kristin Maier replied that we use Banner Occupational Health.

Tony Dominguez said our safety program is structured with two sides. The Safety Coordinators try to prevent accidents and injuries with training, education, and inspections. Chris Jarosik and Nichole Bombard manage the claims when there is an injury. The Executive Safety Steering Committee is above us and consists of members of the executive team from departments who have a high risk of injuries so we can focus on prevention. The Citywide Safety Committee is comprised of employees, so we have individual representation from around the city. We review the safety of the city by going over accidents, talking about injuries, upcoming training, changes in the laws/regulations and how we are going to move forward. Becky outlined the Hazardous Waste Operations and Emergency Response Training. This annual in-house training is geared toward employees who are not part of public safety, but handle chemicals or have potential for being exposed to chemicals. Tony said we are required by OSHA to have an Emergency Action Plan for all city facilities. To stay compliant, our Emergency Action Coordinators receive annual training and help facilitate responses to certain emergencies within the buildings. Drills are conducted on an annual basis and there are action plans for each building within the city to make sure everything is functioning properly. Becky talked about OSHA mandated Respirator Fit Testing for protecting employees from being exposed to respiratory hazards. Testing is conducted on an annual basis to make sure their mask is working and fits properly. Every five years, they complete a health questionnaire to make sure they still qualify. Tony gave an overview of the FY 22/23 training completed. The highlights include 221 classes conducted, 3,715 employees trained, 6,889 training hours, 80 ergonomic contacts, 17 safety inspections, and 76 respirator fit tests. Public Safety conduct their own Fit testing.

Vice Chair Huppenthal asked if this training is mostly for compliance, and do you look at your injury data so you can design certain programs to target those areas? Tony Dominguez responded that we meet annually and discuss the injuries reported to focus on those areas with training in the next year. Vice Chair Huppenthal stated the numbers presented reflect the training provided from prior years. Secretary Gale said he works closely with Chris and trends are usually addressed right away.

Becky Soter talked about the virtual training in LEAF and the importance of keeping it current so staff can maintain their certifications. We try and engage the employees in whatever type of training we provide. Tony gave an overview of the 2023 training calendar.

Chris Jarosik talked about firefighter and fire investigator cancer claims. By statute ARS 23.971, we are required to report all work-related cancer claims to the Industrial Commission of Arizona. There were 10 workers' comp claims reported, 8 were accepted and 2 were denied.

Chris Jarosik presented on the Municipal Firefighter Cancer Reimbursement Fund which became effective September 29, 2021. We pay into the fund and then submit eligible claims for reimbursement. There were 9 claims submitted with a request for reimbursement of \$116,998.90. We will receive our final determination from the ICA in October.

The Fire Department received a \$1M grant from FEMA AFG for cancer screenings. Of the 214 screened, 6 were diagnosed with cancer. Five were deemed to be work related and accepted under the Presumptive Cancer Law as workers' comp claims.

Nichole Bombard reported on OSHA Recordable Injuries. OSHA injuries have a different threshold than the ones reported by CorVel which decreases our numbers. The line graph represents the number of employees and our numbers have remained stable, even with the fluctuation of employees.

Tony Dominguez gave kudos to Chris and Nichole as their diligence has paid off as shown in the reported numbers.

Tony Dominguez highlighted some of the other programs offered by the City. Those programs include Commercial Driver License, Ergonomics, Hands Only CPR, Stop the Bleed Training and AED Refresher, Partnership with Wellness Program on mental health, Bloodborne Pathogen Exposure Prevention, Hearing Conservation, Prescription Safety Eyewear, Safety Footwear, Confined Space Entry Support, Fire Extinguisher Training, and Annual NFPA 70E Training for Electricians.

Becky talked about ongoing initiatives with our Wellness Program, Environmental Management Services, Risk Management Services, Arizona Governmental Safety Association, and Arizona Department of Safety and Health. We continue to do annual site inspections at all our facilities.

3. Financial Statements

Statement of Net Position as of June 30, 2023

Robert Steele advised the Board that these are unaudited numbers as we are currently going through our external audit and the results will be reported at a future meeting. The total assets were \$18,315,350, cash is up \$1.6 million from last quarter, and Due from the City is down slightly \$838,000 from prior quarter. Total liabilities are \$57,336, increase of \$17,000 from the prior quarter. The unrestricted net position is \$18,258,014 which is up from last quarter. When Net Position is compared to the Reserve Goal as of June 30, 2022, there is a surplus of almost \$4.8 million.

Statement of Revenues, Expenses and Changes in Net Position – June 30, 2023

The annual budget is shown, no proration, as we're at year end. The total actual operating revenues are \$4,793,114 which is \$409,414 over budget. Operating expenses are \$3,308,219 which is \$1,945,014 under budget primarily related to claims payable. This provides for an operating income of \$1,484,895, which is \$2,354,428 greater than anticipated. The Non-Operating Revenues and Expenses total \$939,135 and there is a change in net position of \$2,424,030. The ending net position is \$18,258,014 which agrees with the Statement of Net Position.

Statement of Cash Flows – June 30, 2023

Robert Steele advised the Board that this report shows the inflows and outflows of cash by activity. End of year Cash and Equivalents total \$17,545,030 which agrees with the Statement of Net Position.

Vice Chair Huppenthal asked what is cash and equivalents? Robert said it would be an investment in stocks/bonds; something you own, but not hard cash. Vice Chair Huppenthal said so those are recorded in this report? Robert Steele answered yes.

4. Investment Report – June 30, 2023

Robert Steele provided a brief overview of the Investment Performance Review. The portfolio statistics yield at cost is 1.84% which is down slightly from 1.85% in the previous quarter. Yield at Market is 5.08% which is up from the prior quarter of 4.38%. Effective Duration is at 1.19 as compared to the prior quarter of 1.41. The Benchmark Effective Duration is 1.75. The money market rate is trending up and is 4.97% for Allspring and 4.44% for First American Funds (PFMAM). The Sector Allocation is showing minimal change in each of the security types.

Action Agenda

Members Comments/Announcements

Robert Steele introduced Lina Alam, Accounting Supervisor, who will be attending these meeting so she can present in the future, if needed.

Calendar

The next regular meeting will be a combined meeting on Thursday, November 16, 2023, at 4:00 p.m., in the Council Chambers Conference Room, 88 E. Chicago Street.

Informational Items

Agenda Items for Future Meeting Dates

Financial Statements – Management Services

Investment Report – Management Services

Adjourn

Secretary Gale made a motion to adjourn the meeting of the City of Chandler Workers' Compensation and Employer Liability Trust Board of September 14, 2023, at 4:48 p.m., seconded by Vice Chair Huppenthal, motion carried.

Teresa Canjar, Secretary

Lily Longacre, Chair