



**MINUTES OF THE EXECUTIVE COMMITTEE MEETING
May 1, 2014**

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, CA at 1:30 p.m., on May 1, 2014.

Executive Committee Members Present

Sara Perez, President
Veronica Flournoy, Vice President
Mike Brusa
Melody Canady
Gerald (Jerry) Stratton

Guests and Staff

Scott Lathrop, Soledad Unified School District
David Donn, David Donn, Inc.
Court Orsborn, David Donn, Inc.
Dave Thompson, Intercare
Karen Callahan, Intercare
Danielle Buri, Intercare
Derek Burkhalter, Bickmore Risk Services –via telephone conference
Helen Rodriguez, McGilloway, Ray, Brown & Kaufman
Thom Gilbert, Gilbert Associates –via telephone conference
Jamie Matthews, Gilbert Associates –via telephone conference
Marcus Beverly, Alliant
Mike Simmons, Alliant
Matt Gowan, Alliant
Connie Martin

A. CALL TO ORDER

Sara Perez called the meeting to order at 1:40 p.m.

B. ROLL CALL

C. APPROVAL OF AGENDA POSTED

Sara called for approval of the agenda with some modifications. Sara stated that Melody indicated that she would not be able to attend the entire meeting so she recommended to move all action items to the front of the agenda. Melody stated that the items all seem to be action items. Marcus asked

Melody if there was a particular item that she would like to cover before she left the meeting. Melody stated that she just wanted to make sure that we had a quorum.

Motion was made to approve the agenda with some modifications.

MOTION: Jerry Stratton **SECONDED:** Melody Canady **MOTION CARRIED**

AYES: 5 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 0

AYES: Veronica Flournoy, Jerry Stratton, Melody Canady, Mike Brusa, Sara Perez

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

Sara asked to pull Item 4 for discussion only because it is the first time the Executive Committee has seen it, and she would like Executive Committee to discuss it separately.

The following items were discussed and approved:

1. Executive Committee Minutes – March 12, 2014
2. Payment Registers and Board Reports – Oct, Nov, Dec 2013 & March 2014,
3. MCOE Agreement for Fiscal Services,

Motion was made to approve items 1 through 3 with a single motion.

MOTION: Jerry Stratton **SECONDED:** Melody Canady **MOTION CARRIED**

AYES: 5 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 0

AYES: Veronica, Flournoy, Jerry Stratton, Mike Brusa, Sara Perez, Melody Canady

E. CONSENT CALENDAR – ITEM 4

Company Nurse Executive Summary and Agreement for Report Hotline

Item 4 was pulled to discuss separately. Marcus stated it is a new contract for 1-800 reporting provided by Company Nurse. It is meant to be a triage type service for employees who call in when they have a first report of injury. They will give some basic information to an intake person and they will be transferred to a nurse who will do some triage. Marcus stated that the main purpose of it is to get claims reported more quickly and ideally through the triage process to have claims that might be med only treated as first aid, and directing them to the appropriate treatment quickly. They will also help with starting the 5020 form for the agency, sending it on to the contact and giving a heads-up in completing the 5020 and forwarding it. Marcus informed the Executive Committee that he was able to leverage the CSAC relationship and was able to obtain the CSAC pricing with no set up fee. \$157.50 per claim will be an allocated expense to the claim file, not part of the admin budget.

Marcus stated the Company Nurse Injury Hotline is a well-respected company. Marcus has used them with many other clients, and he stated that it was part of MERMA's Request for Proposal. Matt stated that during the RFP, the Committee was excited about this program and both the finalist proposed the Company Nurse. Matt stated that the Committee was excited about the reduction in claims, the faster claims reporting and staff time that it would save the districts. Instead of having a district staff person to call in to fill the 5020, the reports are made directly to Company Nurse, they fill out most of the 5020, but they can't fill out the payroll section. The next day the 5020 shows up on your desk already done and a copy goes to Intercare immediately. All the districts have to do is fill in the payroll and sign it. Matt stated the thought process was of saving staff time for districts that have an assigned workers' comp person. Sara stated that she likes the program but she thought it was part of Intercare package, but she sees that it was intended to be a separate contract. Sara also had another question, page 3 of the agreement, FROI. Sara asked about \$5.00 per claim. Intercare explained it is for the First Report of Injury. The Company Nurse will provide the first part of the first report of injury back to the district to help them with the process, so ultimately the cost will be \$162.50. Sara asked if the Nurse Program is a requirement. Intercare will provide information for the training tomorrow and a packet will go out to the districts. Alliant and Intercare stated it will be up to the districts if they want to do it themselves or go through the Company Nurse. Sara asked if the cost is per claim that they handle. Intercare stated that it is actually per claim that gets filed. If the Company Nurse is able to talk to the injured worker and it turns out to be a first-aid only, and no claim is submitted to Intercare there will be no charge. If they file a claim, they are charge based on what claims get turned into Intercare. Marcus stated that that the agreement shows Intercare as the contact, and Marcus suggested that they change it to show Executive Director as contact to client. Jerry Stratton stated that it is a good thing in this time of turmoil and the transition going with Intercare shows the member districts that MERMA is doing other things that will reduce their workload and streamline processing. Sara also stated that it is also going to be helpful to the employee to know that they have someone with knowledge that they can rely on for guidance. Mike Brusa stated phone calls will make reporting more immediate, employees won't wait 2-3 days to report because they can call immediately. Intercare stated that each employee will get a little card with all the information. After discussion, Executive Committee made a change to the agreement to have the Choice of Law provision to California instead of Arizona.

Motion was made to approve the Company Nurse Agreement, Item 4 on the Consent Calendar.

MOTION: Mike Brusa **SECONDED:** Melody Canady **MOTION CARRIED**

AYES: 5 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 0

AYES: Mike Brusa, Melody Canady, Jerry Stratton, Veronica Flournoy, Sara Perez

F. ADMINISTRATIVE REPORTS

1. President's Report

Sara Perez stated that she had nothing to report.

2. MERMA Administrative Update

Marcus Beverly, Matt Gowan, and Mike Simmons addressed the Committee on matters pertinent to MERMA:

Matt reported that he has been focused on the insurance renewal this month, and Marcus has been working on the budget.

Matt reported that Intercare gave job offers to five (5) MERMA employees. Matt and Mike Simmons talked to three (3) MERMA employees that were not picked up by Intercare. Matt informed the Executive Committee to contact him if they had any questions.

Matt reported that MERMA is working on getting direct dial phones. One of the reasons is to save money, and Intercare asked to interview Angela at the front desk. Intercare offered Angela a job as a claims assistant. MERMA does not have plans in the immediate future to replace the front desk position. Marcus will be working with staff on the direct dial phones. He will also be working on security measures and backup plans for the front desk.

Marcus reported that he has good news on the budget and will report later in the agenda.

3. Intercare Update

Danielle Buri of Intercare gave an update with the transition. They have received final data and it will be inputted into their computer system. The current staff has read-only access to their current claims system if they need it. Meet and Greet and along with a mini workshop will be held tomorrow at MCOE, with two sessions. Danielle provided a sample of what they will be going over in the workshop. They are meeting with the staff today to go over the service instructions that they are going to be held to as far as expectations of handling the claims and keeping in mind the excess requirements. Accounting is all set, things have gone really well. Danielle informed the Committee that Angela, Hallie as well as Alliant has been really helpful with a lot of different things that they needed as far as information and coordination with the transition process.

Karen Callahan reported on hiring of three adjusters versus the 5 that were on staff. She informed the Committee that adjustments had to be made and the information was communicated out to the districts. Karen informed the Committee that Intercare has hired a supervisor and he will be on board on May 12, his name is David Swiatlo. Intercare is excited about having him on board. Karen informed the Committee that the staff will be trained on the systems. Two Intercare training teams from Rocklin will be onsite for 4 days a week, for the next two weeks. If the third week requires additional training then they will have the training team come back. Karen stated that the staff will also have a buddy system so the staff can direct dial their buddy and they will help them. They have an aggressive training schedule. They will be triaging all new claims to get them up and running to make the biggest impact in the short period of time. They will also have other training on May 19th.

Matt encouraged everyone to send their workers' comp contact person(s) to the workshop. Sara asked who was notified at the districts. Intercare stated that the notices were sent out

to all the Board of Directors and their workers' comp contacts.

4. Executive Committee

Executive Committee had nothing to report.

G. JPA BUSINESS

1. David Donn Consulting Contract

David Donn and Court Orsborn of David Donn Consulting gave a brief summary presentation to the Executive Committee to continue their services with MERMA. DDC contract expires on June 30, 2014, but due to the transition to a new claims administrator and managed care provider on May 1, their services may cease before June 30, 2014. Discussion was held.

Motion was made to end contract with David Donn Consulting effective May 31, 2014.

MOTION: Mike Brusa **SECONDED:** Melody Canady **MOTION CARRIED**

AYES: 5 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 0

AYES: Veronica Flournoy, Mike Brusa, Jerry Stratton, Sara Perez, Melody Canady

2. Draft Actuarial Report – FY 2014-15

Derek Burkhalter of Bickmore Risk Services presented the fiscal year 2014-15 actuarial report to the Executive Committee via telephone conference call. Bickmore projected a decrease of \$5,394,000 in MERMA's outstanding liabilities due to reduction in the number of open claims and reserves. The projection for 2014-15 loss funding is slightly less than last year. Bickmore estimates MERMA will have assets of \$37,362,000 as of June 30, 2014. Outstanding liabilities at the Expected Confidence Level and 3% Discount Rate are projected to be \$29,982,000 resulting in a Net Position of \$7,380,000. At the 90% Confidence Level, the outstanding liabilities are projected to be \$36,338,000, so MERMA is projected to be funded at \$1,024,000 above the 90% Confidence Level at a 3% rate. Discussion was held.

Motion was made to accept the FY 2014-15 Actuarial Report as presented by Bickmore Risk Services.

MOTION: Melody Canady **SECONDED:** Jerry Stratton **MOTION CARRIED**

AYES: 5 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 0

AYES: Melody Canady, Jerry Stratton, Mike Brusa, Veronica Flournoy, Sara Perez

3. MERMA 2013 Financial Audit Report

Thom Gilbert and Jamie Matthews of Gilbert Associates presented the financial audit for years ended June 2012 and 2013 via telephone conference. Discussion was held.

Motion was made to accept the 2013 Financial Audit Report as presented with correction on Page 26.

MOTION: Veronica Flournoy **SECONDED:** Jerry Stratton **MOTION CARRIED**

AYES: 5 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 0

AYES: Veronica Flournoy, Jerry Stratton, Mike Brusa, Sara Perez, Melody Canady

4. Financial Report

Helen Rodriguez of McGilloway, Brown, Ray & Kaufman presented the financial report for the month of February 2014. Discussion was held.

5. 2014-15 Excess Workers' Compensation Renewal

Matt Gowan presented different options for the 2014-15 Excess Workers' Compensation Renewal. Matt discussed options with and without North Monterey County Unified School District. Discussion was held.

Motion was made to renew the 2014-15 Excess Renewal with CSAC, with \$125,000 SIR , with 1.5 discount factor without North Monterey County Unified School District.

MOTION: Veronica Flournoy **SECONDED:** Melody Canady **MOTION CARRIED**

AYES: 5 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 0

AYES: Mike Brusa, Veronica Flournoy, Jerry Stratton, Sara Perez, Canady

6. Pool Funding for FY 2014-15

Marcus reported that MERMA determines the amount of funding to charge the members each fiscal year. The premium is based on the actuary's projections for losses during the year and expected administration expenses based on their payroll and experience modification factor. Funding is also based on the Confidence Level and Discount Rate. Discussion was held.

Motion was made to recommend to the Board to decrease the discount factor from 3 percent to 1.5 percent at the 70 percent Confidence Level without North Monterey County.

MOTION: Veronica Flournoy **SECONDED:** Mike Brusa **MOTION CARRIED**

AYES: 5 **NOES: 0** **ABSTAIN: 0** **ABSENT: 0**

AYES: Mike Brusa, Veronica Flournoy, Jerry Stratton, Sara Perez, Melody Canady

Melody Canady left the meeting at 3:25 p.m.

7. Draft Budget –FY 2014-15

Marcus presented the draft FY 2014-15 budget to the Executive Committee. Marcus stated that he worked with Helen Rodriguez on the budget. Marcus informed the Committee that revenues are projected to decrease by \$159,682 due to a decrease in administrative expenses. He stated the total expenses are projected to decrease by \$1,240,457 based on a combination of decreased administrative expenses, decreased medical cost containment expenses, and a projected decrease in outstanding claims liabilities. Marcus informed the Committee that the Net Income is projected to improve by \$1,109,575 from a loss of \$182,875, a gain of \$926,700. Discussion was held.

Motion was made to recommend the draft budget for FY 2014-15 to the full Board for adoption as presented to the Executive Committee without North Monterey County Unified School District.

MOTION: Veronica Flournoy **SECONDED:** Jerry Stratton **MOTION CARRIED**

AYES: 4 **NOES:** **ABSTAIN: 0** **ABSENT: 1**

AYES: Veronica Flournoy, Jerry Stratton, Mike Brusa, Sara Perez

ABSENT: Melody Canady

8. Election of Officers

Marcus Beverly reported that each year the term of office for certain members of the Executive Committee expires and the Board of Directors must appoint new members. This year the President, Vice President and Secretary are up for election and one Committee member will be retiring at the end of the year. The Executive Committee is requested to solicit nominees for the expiring positions and inform the Board of Directors of current members who wish to be re-nominated to the Executive Committee. Discussion was held. Information item only, no action taken.

9. FY 2014-15 Meeting Schedule

Marcus Beverly presented the Executive Committee with a resolution to establish meeting dates for Fiscal Year 2014-15. Discussion was held. After discussion, it was decided to bring this item back with revised meeting dates. No action was taken.

10. Alliant Pool Administration and Consulting Services Agreement

Mike Brusa and Jerry Stratton were appointed to an Ad Hoc Committee to review, negotiate and recommend an Agreement for the Pool Administration and Consulting Services Agreement with Alliant Insurance Services, Inc., that includes continuing as MERMA's Executive Director. Discussion was held.

Motion was made to approve Alliant's Agreement as presented.

MOTION: Veronica Flourney **SECONDED:** Jerry Stratton **MOTION CARRIED**

AYES: 4 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 1

AYES: Veronica Flourney, Jerry Stratton, Mike Brusa, Sara Perez

ABSENT: Melody Canady

11. Matching Safety Funds Update and Funding

Marcus reported that the Matching Safety Fund is not being used. Marcus informed the Committee that Gary Metzler, Loss Control Manager has sent out several reminders to the districts advising them of their matching fund allocation. Executive Committee stated that most districts wait until June to send in their requests. Discussion was held regarding a roll forward policy so that districts may save their money from one fiscal year to another. After discussion it was decided to have Gary send out another reminder to the districts. Information item only, no action taken.

12. Administrative Clerk Responsibilities

a) Hiring Freeze

Mike Simmons reported that Angela Lorono, MERMA receptionist, was offered and accepted a job with Intercare effective April 30, 2014. Mike informed the Committee that most of Angela's MERMA job duties would now be handled by Intercare. Mike stated the front desk duty will be solved by the new direct line phone system and backup by Hallie as needed.

b) Resolution Authorizing Reduction of Classified Services

Mike Simmons presented Resolution 14-03 Authorizing Reduction of Classified

Services in the 2013-2014 School Year. Mike reported the transition to the new claims administrator and with the upgrade of the new direct line phone system, MERMA has reassessed staffing and this has resulted with a reduction of administrative staffing. Mike asked the Committee to approve the Resolution that would eliminate the Administrative Clerk position since most of the duties handled by the Administrative Clerk would now be handled by Intercare.

Motion was made to approve Resolution 14-03 Authorizing Reduction of Classified Services in the 2013-2014 School Year to eliminate Administrative Clerk position as of June 30, 2014.

MOTION: Veronica Flournoy **SECONDED:** Jerry Stratton **MOTION CARRIED**

AYES: 4 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 1

AYES: Veronica Flournoy, Jerry Stratton, Mike Brusa, Sara Perez,

ABSENT: Melody Canady

Mike Brusa left the meeting at 4:25 p.m.

L. ADJOURNMENT


Motion was made to adjourn the meeting at 4:30 p.m.


MOTION: Veronica Flournoy **SECONDED:** Jerry Stratton **MOTION CARRIED**

AYES: 3 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 2

AYES: Veronica Flournoy, Jerry Stratton, Sara Perez

ABSENT: Melody Canady, Mike Brusa

President/Vice President 

Executive Director 

Date 9/10/14
