

MERMA

MINUTES OF THE EXECUTIVE COMMITTEE MEETING June 26, 2013

The Executive Committee of the Monterey Educational Risk Management Authority met at 76 Stephanie Drive, Salinas, CA at 3:00 p.m., on June 26, 2013.

Executive Committee Members Present

Sara Perez, President
Veronica Flourney, Vice President
Gerald (Jerry) Stratton

Executive Committee Members Absent

Mike Brusa
Melody Canady

Guests and Staff

Matt Gowan, Alliant Insurance Services
Susan Adams, Alliant Insurance Services
Mike Simmons, Alliant Insurance Services via telephone conference
David Donn, David Donn Consulting, via telephone conference
Court Orsborn, David Donn Consulting, via telephone conference
Gary Metzler
Connie Martin

CALL TO ORDER

Sara Perez called the meeting to order at 3:08

ROLL CALL

APPROVAL OF AGENDA POSTED

The agenda was amended by moving item G-1 to the end of the agenda.

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

PUBLIC COMMENTS

None

CONSENT CALENDAR

The following items were discussed and approved:

1. Special Executive Committee Minutes – May 9, 2013
2. Executive Committee Minutes– May 23, 2013

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

ADMINISTRATIVE REPORTS

President's Report

Sara Perez stated that she did want to report on something but she would wait to report later and add her report to one of the agenda items.

MERMA Administrative Update

Susan Adams reported to the Executive Committee that Veronica Makaveckas will be out on medical leave until September. Susan reported that there have been issues with the manager diaries getting completed. Susan stated that Veronica suggested Aidi Millar could handle looking at diaries. Susan spoke with Aidi, and Aidi stated that she has no problem with looking at the diaries. Aidi mentioned that she had talked to Veronica months ago letting her know that she would be willing to help her. Susan informed the Committee that she sent a memo to the claims staff informing them that Aidi would be doing diaries and Susan asked the claims staff for backup for Aidi since Aidi is Veronica's "claims buddy". Carol Epp volunteered to help Aidi and be her backup if Aidi should be out of the office. Sandy Lewis volunteered to help with Aidi's phone calls when Aidi is out of the office.

Susan also reported that she and Matt Gowan met with claims examiners to give them the CSAC EIA claims reporting guidelines. Susan informed the claims examiners about the changes in the SIR because they have to now report claims that are half retention of \$125,000. The guidelines were provided in writing to the claims examiners and Susan will also be emailing them. The CSAC website is also available for their reference. Susan informed the Committee that everything can be reported electronically. Matt informed the Committee that he explained to the claims staff the reasons why the Committee went with CSAC EIA. Matt stated that he informed the claims staff that if they have any issues regarding the reporting, etc with CSAC EIA to let him know.

Sara Perez asked if Aidi Millar is Veronica's backup, and if Aidi is going to manage everything that Veronica is in charge of. Susan stated no, just diaries. Sara asked if the JPA is compensating Aidi. Veronica Flournoy stated that this is something the Committee should think about doing.

Susan informed the Committee that the budget was approved to include staff to attend the CAJPA conference in September at Lake Tahoe. The conference runs from September 10 to September 13, 2013. Susan informed the Committee that she completed application for the JPA to join CAJPA

again. Membership has not been paid for the last two years. Susan asked the Committee if they were interested in attending the conference. Sara Perez, Veronica Flournoy and Jerry Stratton are interested in attending the conference. Susan will contact the other Executive Committee members that were absent from the meeting to see if they would also like to attend the conference. Sara directed Connie Martin to make lodging accommodations for the Executive Committee.

Susan also informed the Committee that the PARMA conference is in San Jose this year and also budgeted for the Executive Committee to attend this conference.

Executive Committee

None

JPA BUSINESS

Review of 2013/2014 Excess Workers' Compensation Renewal

Matt gave an update on the Excess Workers' Compensation renewal with CSAC EIA effective July 1, 2013. Matt informed the Committee on the savings over the incumbent carrier. Matt stated that one of the options was CSAC EIA for a Primary funding program. Matt stated the plan is to go with the \$125,000 CSAC EIA option and he was directed to look at the Primary Options:

1. Claims Staff

Industry typical caseloads are between 125-200 indemnity files. CSAC EIA analyzed the JPA. CSAC's rules are 125 – 150 indemnity files per adjustor. The MERMA claims examiners carry a smaller case load than this so the JPA is overstaffed, depending on the chosen claims count, between 2 to 4 claims examiners. A potential TPA would conduct an analysis. There would likely be less staff because of industry guidelines. They could hire JPA claims staff. If the JPA does not go with a Primary Program, the Committee will need to address the overstaff issue this year. CSAC EIA would come and handle files from the take-over date forward. The Committee still has to address the existing files.

2. Primary Program

Going with the Primary program, the JPA would no longer need the services of DDC and StrataCare on a go-forward basis.

3. Existing Files

Existing files can remain with MERMA or the JPA can select a TPA to handle the old files. Matt stated that there are various ways that this can be done, and he will discuss this at a later time.

4. Issues that JPA Will Need To Address This Year

Staff computers, the JPA did budget for them, JPA needs to decide to go forward with the purchase of the computers or if the JPA brings in the Primary Program, the TPA may bring their own computers.

The Primary Program could use the JPA office. They could pay rent. All the expenses that go with the claims adjusting could be handled by the TPA. This includes computers, claims systems and any other equipment they might use.

5. Interviewing TPAs

Matt stated that there are opportunities for the claims staff. They could have opportunity for growth because they would move into a larger organization. Opportunity to become supervisors, opportunity for pay raises. Matt asked the Committee for direction on this item. Veronica asked about the timeframe and would the JPA need to revise the JPA bylaws? Sara stated that the Committee needs to look into this because of the potential savings. Sara suggested she would like to have a working meeting with the full Board and have Matt, Susan and Mike to be present at the working meeting. Sara stated that the Committee needs to let the full Board know where the Committee has been the last couple of years since the Executive Director departed. She wants the full Board to know where we are and where should we go. Sara stated that this is a major step for MERMA and does not want the Executive Committee to decide on their own, even if they could on such a major issue. She stated the Executive Committee needs the full Board's input on this issue. Everyone agreed that the Executive Committee can make the recommendation but the full Board should review this issue. Jerry Stratton stated that he fully endorses that the full Board approve this since it is such a significant undertaking. Mr. Stratton stated to show the full Board the significant advantages in terms of efficiency, reduction of risk and processing. Matt commented that as manager of the JPA, these issues must be addressed in one way or another. So a solution if the JPA does not go with a TPA the JPA will need to address, 1) StrataCare, bill review, 2) caseloads, 3) staffing, 4) new computers, and 5) claims system. Mike Simmons commented that he personally thinks that the Executive Committee needs to establish a target date, to initiate the program. The JPA really needs to put this plan together with all the details so it can be effectively presented with all the variety of options to the full board. The first step would be to conduct a claims audit. Sara agreed with Mike, but Sara wants to meet with the full Board in August. She would like to have an informational working session and to address issues. Veronica suggested an August working meeting. Veronica asked about the timeline of January 1, or would the Committee want to do fiscal year? Matt stated maybe October 1, do it on the quarter. Veronica stated she is concerned about the staff. Sara just wanted to make sure that she understands this whole thing correctly, so with the TPA, the JPA is basically going Primary, but would still remain as a JPA, the JPA will still have our assets, cash, building, everything will be left intact. Matt stated there would still be an Executive Committee to manage the JPA. Sara stated that EC would be looking at TPAs and how it would benefit staff and the local office. Veronica asked about potential new business. Susan stated that this issue needs to be addressed to the staff and she would like to let them know about the options and she would like direction from the EC on how to address this issue to the staff. Sara stated that Susan should communicate to the staff on options that the EC and full Board are reviewing and that no decision has been made. There will be a working meeting with the full Board in August to discuss in full detail. Sara stated that the EC has to look at the savings and what is in the best interest of the member districts and

MERMA.

Susan informed the EC that two documents were attached to this item and they need to be reviewed and signed by Sara.

Motion was made to review and approve 2013-14 Excess Workers' Comp coverage.

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

MERMA 2013/2014 Memorandum of Coverage

Susan Adams created a Memorandum of Coverage to provide to all the MERMA members along with the Excess Workers' compensation coverage information.

Motion was made to approve the Memorandum of Coverage as presented.

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

MERMA Employees COLA Increase or Increase in Contribution to Benefits

This item was presented to the Executive Committee on May 23, 2013, and Susan Adams, JPA Consultant, readdressed this item on June 26, 2013. Susan informed the Executive Committee that the JPA employees have not had a salary increase since 2007 and the employees' contribution to medical benefits will as of July 1, 2013. After discussion, a motion was made to give the JPA staff a salary increase of 3%, effective July 1, 2013, which would be approximately \$28,000.00.

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

Managed Care Update

a. David Donn Consulting gave an update on StrataCare and Manage Care.

Court Orsborn presented two documents, the first was an updated summary with results from the program through April 2013. Court stated that April 2013 yielded an increase of \$24,305 in total financial improvements. The second document was a StrataCare Operational Issues Update. Court stated that the Committee is aware that there are a lot of operational issues with StrataCare and for the last few months, DDC has had weekly calls with StrataCare, discussions with their senior management to let them know that this can't continue to happen. DDC stated that they have been working with Angela very closely.

b. Matt Gowan and David Donn Consulting gave an update on Brent North's work on CorVel.

Matt presented the Committee with Mr. North's proposed letter that will be sent out tomorrow. The proposed letter notifies CorVel of possible legal action in order for the JPA to recover the fees that were potentially overcharged by CorVel. Matt will report back at the next meeting with CorVel's response.

FY 13/13 Staff Management

The Ad Hoc Committee recommended to the Executive Committee to approve Alliant's revised Scope of Work which as been amended to include additional services to the JPA effective July 1, 2013. The additional services would include that Alliant Management would be at the JPA office every week instead of twice a month. Alliant Management would assume the responsibility of managing personnel, claims administration, loss control, and finance. Alliant Management will plan, direct and oversee all the JPA activities and programs, plus manage the development and implementation of the JPA's goals and objectives, policies, regulations, procedures and priorities.

After discussion, the Executive Committee approved Alliant's revised Scope of Work to be effective July 1, 2013.

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

CLOSING COMMENTS

None

ADJOURNMENT

Motion was made to adjourn the meeting at 5:00 p.m.

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

UPCOMING MEETING

Next meeting will be held in August 2013.

President/Vice President

Sammy Long

Interim Management

Matt Gowran

Date

11/6/13