**MINUTES OF THE**

**MBASIA BOARD OF DIRECTORS MEETING**

**Monday, February 13, 2012 at 10:00 A.M.**

**City of Sand City, CA**

**MEMBERS PRESENT**

Daniel Dawson, City of Del Rey Oaks

Rene Mendez, City of Gonzales

Brent Slama, City of Greenfield

Robert Galvan, City of Hollister

Steve Matarazzo, City of Sand City

Adela Gonzalez, City of Soledad

Steve Ando, City of Scotts Valley

**MEMBERS ABSENT**

Lisa Murphy, City of Capitola

Michael Powers, City of King City

Kathy McFall, City of Marina

**GUESTS AND CONSULTANTS**

Conor Boughey, Alliant Insurance Services

Monica Sandbergen-Izo, Alliant Insurance Services

Michael Simmons, Alliant Insurance Services

Corrie Kates, City of Scotts Valley

Tabatha Bettencourt, JT2 Integrated Services

Theresa Fernandez, JT2 Integrated Services

Ken Maiolini, Risk Management Services

Mark Hannah, Witzig, Hannah, Sanders and Reagan

**A. CALL TO ORDER**

Rene Mendez called the meeting to order at 10:30 a.m.

**B. CONSENT CALENDAR**

**B1. Approval of Minutes – October 20 & 21, 2011 Long Range Planning and Board Meeting**

A motion was made to approve the minutes as presented.

**MOTION:** Steve Ando **SECOND:** Daniel Dawson **MOTION CARRIED**

**B2. Service Calendar & Status of Deliverables**

Conor Boughey advised that instead of the transition milestone report, Alliant will be presenting at each Board Meeting an action item list created from the discussions at each prior meeting. Conor ran through the current action item list that was created from the October 20th & 21st Long Range Planning and Board meeting with the members and gave a status report on each item.

**C. ORAL COMMUNICATIONS & PUBLIC COMMENTS**

Steve Ando advised that he will be doing the accounting for MBASIA for 5 years but would like members to start thinking about if they would like to take over this responsibility when his contract expires.

There were no public comments.

**D. BOARD OF DIRECTORS**

**D1a. Bills and Correspondence.**

Conor Boughey reminded the members of the funds available to them through the Travel & Training Budget and Safety Grant Budget.

A report of disbursements was presented and no discussion was necessary.

A motion was made to ratify the disbursements for the months ending October 31, 2011, November 30, 2011 and December 31, 2011.

A motion was made to approve the disbursements.

**MOTION:** Adela Gonzalez **SECOND:** Robert Galvan **MOTION CARRIED**

**D2. UNFINISHED BUSINESS**

None

**D3. COMMITTEE REPORTS**

**D3a. Executive and Finance Committee**

**D3a1. CARMA Update**

Robert Galvan gave a brief update on CARMA Long Range Planning meeting; CARMA is ex advised that claims costs are starting to become an issue and CARMA is looking at a long term strategies to increase revenues; The overall consensus is that MBASIA is doing a good job; Conor added that the discount rate was discussed at CARMA’s meeting and whether it should be lowered.

No action necessary.

**D3a2. ERMA Update**

Rene Mendez advised that he and Daniel Dawson attended the ERMA Annual Planning and Board of Directors Meeting. There was some discussion on changing when they count a claim as an occurrence – this had the potential of affecting MBASIA. However, the pool managers in attendance convinced ERMA to revisit this topic in another year or so.

Mike Simmons reported that the ERMA Board unanimously approved Vince Hurley to be on their panel.

No action necessary.

**D3a3. ERMA Membership**

No discussion needed.

**D3b. Safety Committee**

**D3b1. Reports from December 12, 2011 and January 9, 2012 Safety Committee Meetings**

Rene Mendez advised that the Safety Committee looked at the Safety Inspection Reports and identified the common safety areas that all the members were deficient in. Mr. Mendez also advised that the Safety Committee also discussed actions that the Board should take should a city not take any action in improving those areas identified in the Safety Inspection Reports. Mr. Mendez advised that it was decided at the Safety Committee meeting that Alliant be assigned the task of creating Safety Inspection Deficiency Checklists for each member city and that the goal of the checklists is to have each member city commit to a certain deadline and report to the Board on when measures will be implemented at their respective cities in those areas that they were reported to be deficient in. Mr. Mendez advised that it was decided that a running tally will be kept of each members compliance with the checklists and reported at each Board meeting.

**D3b2. Safety Inspections – Policy & Procedures**

Rene Mendez advised that at the last Safety Committee meeting the idea of using CSAC to help train MBASIA. Conor advised that CSAC’s training would be free of charge and that CSAC would go to each individual city and work with the member on drafting policy and procedures. Conor further advised that CSAC is not really interested in providing boilerplate policies and procedures that the member would just end up filing away. Conor Boughey advised the members to contact Alliant

Michael Simmons asked if there were any members that would like to “test pilots”. Gonzales, Scotts Valley and Soledad volunteered to be the “test pilots” for working with CSAC and will then report back to the Board on how the process went. Mike Simmons advised the members that they must be engaged with CSAC during the process.

**D3b3. Safety Inspection Deficiency Checklist Handout**

Alliant handed out the Safety Inspection Deficiency Checklists to each member present at the meeting. Conor Boughey advised that the checklists have been customized to each individual city. Rene Mendez asked the members to fill-in their respective scorecards with completion dates for each section and to send them to Alliant by the end of March so that the results can be reported to the Board at the April meeting. Adela Gonzalez asked that electronically editable versions be emailed to the members.

Robert Galvan asked if the relationship with Bickmore Risk Services with respects to the Safety Inspection is null and void. Conor Boughey advised that the contract that was in place with Bickmore for the Safety Inspections has ended and that if an individual member were to contact Bickmore for help on their scorecards, they would incur a charge. Rene Mendez advised that a member can use their allotted portion of the Safety Grant Fund to work with Bickmore on their deficiency checklist/scorecard.

After further discussion, it was decided that Alliant will locate policy & procedures that the members are deficient in and will email it to the members for them to modify based on their own needs.

**D3c. Coverage and Claims Committee**

**D3c1. Redevelopment Agencies**

Conor Boughey advised that coverage no longer exists for Redevelopment Agencies and if any RDA’s are listed as named insured on any Certificates of Insurance, those Certificates will need to be reissued under the city’s name.

**D4.** **NEW BUSINESS**

**D4a. JT2 Integrated Resources – Loss Run Analysis**

Theresa Fernandez ran through the Loss Run Analysis report with the members. Ms. Fernandez advised the top 10 losses within pool are identified in the report and that the incurred dollars on these top 10 claims is $4.5M. MBASIA’S Total incurred over the last 3 years is $9.1million. Therefore, the dollars incurred on the 10 claims listed in the report is over half of the total incurred claims value. This says that MBASIA has more of a severity problem than frequency problem. 8 out of the top 10 claims involve police officers. 4 of the 10 claims are for knee injuries which point to age-related and fitness issues among the police departments. 2 of the 10 claims are considered unusual claims (one involves MRSA and the other involves cancer).

Top 10 claims are more than half of total incurred. This says that MBASIA has more of a severity problem than frequency problem. 8 of the top 10 claims involve police officers. Fernandez further reported that the majority of the claims are occurring in 40-49 age range which is considered normal. However, there is a dramatic drop-off in the number of claims after the age of 50 which could be the result of retirements. Ms. Fernandez stated that traditional medical involvement is not resolving claims - surgeries are not successful which could point to a health/wellness issue. Ms. Fernandez further stated that the majority of claims are being reported from employees after 11-15 years of service. MBASIA has two claims that are over $2M in incurred dollars, thus pointing to a severity issue not a frequency issue with MBASIA’s claims. Ms. Fernandez advised that implementing nurse case management and utilization review would help control the costs and severity of these claims.

Daniel Dawson advised that he would like to see more aggressive management of the claims. Ms. Fernandez encouraged the members to consider implementing aggressive return to work programs, aggressive nurse management programs and aggressive investigations into the claims.

Tabatha Bettencourt further advised that monthly claim reviews between the member city and JT2 are a necessity to help manage these expensive claims.

Mike Simmons advised that Alliant will come back with a plan on how JT2 should communicate to the member red flag claims and also reporting guidelines for the member to follow (i.e., flowchart).

Mike Simmons advised that MBASIA’s top 10 claims have put MBASIA into a negative asset position. MBASIA has paid CSAC $550,000 in premium and CSAC has paid out $1,050,000 in claims thus far. That pricing is probably not going to remain the same.

Conor Boughey advised that the top 10 claims that MBASIA is experiencing are very unusual compared to other pools.

**D4b. JT2 Integrated Resources – Utilization Review**

Tabatha Bettencourt advised that every employer and Workers' Compensation TPA are required by law to have a UR program in place. Ms. Bettencourt further reported that MBASIA's drawback currently is that they currently don't have a set "trigger list" to follow. The trigger list outlines what non-physician reviewers and physician reviewers can approve. Non-physician reviewers are Claims examiners and Nurse Case Managers. Non-physician reviewers have the authority to issue approval on medical treatments for different triggers. Non-physician reviewers should be given authority to approve certain treatments as long as there aren't any red flags involved with the claim. Ms. Bettencourt stated that MBASIA has had UR done on certain claim but hasn't adopted a trigger list yet. If something is sent to UR, a decision is made within 5 days. If something requires additional medical evidence, a delay will be put on that request for medical treatment and a physician will have up to 14 days to determine if appropriate medical care has assigned. If it appears that a treatment recommended by a doctor is out of line, another doctor will be brought in to review the treatment recommendations and compared with national guidelines. If the treatment recommendation does not match the national guidelines, the claim will be denied.

If MBASIA takes advantage of Utilization Review, a separate charge will be incurred that is outside of the fees already established in MBASIA's contract with JT2.

A motion was made to approve MBASIA's adoption of the list of triggers included on page 43 of the agenda packet.

**MOTION:** Adela Gonzalez **SECOND:** Daniel Dawson **MOTION CARRIED**

**D4c. Demonstration of MBASIA’s Updated Website**

Monica Sandbergen-Izo presented ACCEL’s recently updated website to the members. Ms. Sandbergen advised that the website was transitioned to Sharepoint, which is a Microsoft product that allows the integration of many different systems. Ms. Sandbergen further advised that Alliant has created separate web portals for its clients which currently house the Property policies for those members that are in the PEPIP program. Ms. Sandbergen explained that the goal is to eventually integrate the ACCEL website with the members’ web portals so that that there is one central location for members to access information on ACCEL’s program and also on their insurance policies. Ms. Sandbergen stated that now that the website has been upgraded to a Sharepoint platform, she is able to make any changes needed to the website herself, such as downloading agendas and meeting minutes. It is no longer necessary to request these changes from Alliant’s IT Department which would sometimes create a delay.

No action taken.

**D4d. Status Report on 2012 PEPIP Renewal**

Conor Boughey advised that the PEPIP renewal is coming up and that not all members participate in the PEPIP Program. CARMA took steps to isolate and limit Cyber Liability coverage. It is a Liability coverage, but the PEPIP policy provides this coverage. Mr. Boughey advised that members should purchase a Property policy through PEPIP who are currently not in the program in order to take advantage of the Cyber Liability coverage that is included. Robert Galvan advised that CARMA provides Cyber Liability coverage in excess of $1M. The language included in CARMA’s MOC does not allow the PEPIP coverage to count towards the $1M layer. The member agency must exhaust $1M in limits first before the CARMA layers comes in to play.

Rene Mendez asked what the advantage is for a member to purchase PEPIP coverage. Mike Simmons advised that it covers up to $2,000,000 for first party property coverage for a Cyber claim whereas if a member does not have property coverage through PEPIP, they only have $1,000,000 of third party liability coverage for cyber claims under MBASIA’s MOC. Conor further advised that the PEPIP policy provides services to help the member manage the loss.

**D4e. Cyber Liability Exposure Discussion**

No further discussion was needed on this item.

**D5. LOSS REPORT**

**D5a. Liability Third Party Administrator’s Report - The MBASIA Board of Directors entered into Closed Session pursuant to Government Section Code 54956.95.**

A motion was made to enter into closed session at 11:50 AM pursuant to Government Section Code 54956.95.

**MOTION**: Adela Gonzalez **SECOND**: Brent Slama **MOTION CARRIED**

**D5b. Workers’ Compensation Administrator’s Report**

Nothing to report.

A motion was made to come out of closed session at 12:10 p.m.

Direction was given to RMS to take action on claims discussed during closed session.

**MOTION**: Adela Gonzalez **SECOND**: Daniel Dawson **MOTION CARRIED**

**E. PROGRAM ADMINISTRATORS REPORT**

**F. CORRESPONDENCE/INFORMATION**

None.

**G. GENERAL RISK MANAGEMENT ISSUES**

None.

**ADJOURNMENT**

Rene Mendez adjourned the meeting at 12:15 PM.