

Logan County Commissioners Work Session

December 19, 2023

Present: Jerry Sonnenberg, Joe McBride, Mike Brownell, Alan Samber, Marilee Johnson, Jerry Casebolt, Diana Korbe, Kristan Lange, Debbie Unrein, Meredith Burcham, Rhonda Curran, Russell Adels, Rick Cullip, Jeff Rice, Danny Guterrez-Dutton and Jennifer Crow.

Chairman Jerry Sonnenberg called the meeting to order at 9:00 a.m.

APPROVAL OF MINUTES FROM PREVIOUS SESSION – Commissioner Brownell moved to approve the minutes of December 5, 2023 as written. Commissioner McBride seconded, and the motion carried, 3-0.

REVISIONS TO WORK SESSION AGENDA – None.

REVIEW AND APPROVE SCHEDULE OF COUNTY BILLS – The Board met with Kristan Lange to review the Logan County schedule of bills dated December 19, 2023. All bills were approved as presented.

REVIEW BUSINESS MEETING AGENDA – There were no additions or changes to the Business Meeting agenda.

COMMISSIONERS PROCEEDINGS FOR NOVEMBER 2023 – Commissioner McBride moved to approve Commissioners proceedings for November 2023, Commissioner Brownell seconded and the motion carried 3-0.

The meeting recessed at 9:06 a.m. and reconvened at 9:48 a.m.

MEREDITH BURCHAM, RHONDA CURAN CWCP COLORADO COUNTIES

WORKERS COMPENSATION POOL – Meredith Burcham and Rhonda Curran of Colorado Counties Workers Compensation Pool, gave the Board background information on the pool and feedback on the proposal presented by Pinnacol.

CWCP was started in 1986 by county commissioners to pull together resources with other counties within the state for workers compensation and it has been a successful long-term pool. CTSI administers the claims and manages the pool. Logan County joined the pool in 1986 with the beginning of the pool. It is a non-profit organization, utilizing a contribution formula put in place years ago that is looked at annually with actuaries. The formula was put in place at the time based on commissioners input on what would best meet counties' needs.

Things that are different from Pinnacol's proposal are that they use a two-year-old payroll, because the full year of actual payroll is based on their budget and the pools are fully funded for the upcoming year. Because of this, they do not do an 18-month audit. Pinnacol and any other carrier will come back and do an 18-month audit and bill for any changes in the payroll.

CWCP does all of their own claims' adjudication and utilizes an excess carrier. The pool pays up to \$875,000 purchases excess coverage. There are no deductibles for counties.

NCCI rate is a filing that all workers compensation companies must do. CWCP is exempt from having to file and utilizes them to benefit the pool. For instance, there is a rate classification

8810 which is used for appointed board and commission members. They plug in \$1,200 for that actual payroll annual premium. That amount would be much higher for Pinnacol, probably around \$15,600. The key point is that the pools were created to really assist counties and to benefit them as much as they can. The pool rates aren't going to fluctuate as much. Pinnacol has to follow what NCCI is doing for that year. CWCP doesn't necessarily have to. Rates are going to be more stabilized with CWCP.

It looks like the CTSI contribution for 2024 is about 3% less than Pinnacol. There is also what is called "equity" in the pool. Equity is distributed back to counties in the pool to help offset contributions. CTSI has been able to do that successfully for many years. From 2014 to 2023 the ten-year equity distribution for Logan County was based on and regulated by the Division of Workers Compensation to make sure there's adequate equity in the pool. In the last few years, they've been able to give back \$3,000,000 in equity distributed across CWCP members based on the formula. They expect to be able to continue to do this.

Ms. Burcham pointed out that in CWCP, the county is in a pool with like counties, with similar exposures, similar losses, etc. With other carriers, you might be seeing different exposures and losses. In addition to that, CWCP's training and loss control team is designed to focus on counties' training needs. Obviously, everybody must have workers compensation coverage, but there are some things like the MSHAW training, flagging training, which Pinnacol may not do.

CWCP also tries to do the crossover training, in their return-to-work training. It also can be political; they have always tried to be sensitive about that issue.

CTSI now has their HR position back in place. It's really going to be a good crossover and return to work training. This next year one of the things they are going to work on with having her is return to work programs and talking more to the counties about that. And helping to make sure classification codes are used and that the counties' administrative staff understands what needs to be collected and what's in those codes.

Ms. Burcham discussed the packet highlights and noted that CWCP covers employees as well as statutory volunteers and appointed board members. CSCP does not charge for an audited payroll, that's key again with the NCCI rate differences and the modification factor that the division would issue based upon the county's losses that they've experienced.

CTSI has been able to get the Division of Insurance to accept utilizing one modification factor for the whole pool, which has been beneficial to date. Claims are administered in house, with the knowledgeable staff that they have on board. They have legislative updates and provide guidance that might be relative to workers' compensation on how this could impact insurance coverages.

The last thing that was reviewed was the formula that is used to calculate the premium. Three years of losses and three years of manual premium are used to provide a loss rate factor for each county. The sharing within the pool of all the resources is still a factor to be considered. The 2022 payroll is used and in February the payroll data for the upcoming year will be collected. The equity distribution is in the packet and the training for the pools is described in the packet, supervisory training, slips trips and falls training, flagger training as well as other safety classes are offered.

Equity distributions are credited against the premium for the coming year. CWCP has approximately \$25 million in equity right now. Three million dollars in equity distribution has been given back to counties in the last few years.

Commissioner Brownell asked if the county was to leave CWCP and change to Pinnacle and then decide to come back in a few years if that would be a problem. Ms. Burcham said that CTSI would look at the county's losses and payroll at the time and issue a quote and determine if there was any equity that was to be distributed for the upcoming year. If there's still that equity, they could look at the county potentially utilizing that for coming back in to the pool.

Commissioner McBride asked how much it hurts other counties if a county leaves. Ms. Burcham stated that there is less spreading of equity among the other counties for the upcoming year. The more counties that leave, the less equity there is to spread. The last county to leave was LaPlata County last year. It would be extremely hard at this time to start from scratch to capitalize a pool again.

Ongoing claims would still stay with CWCP if the county left the pool. Rhonda Curran stated that Logan County does have the lowest loss rate factor that you can have over the three years that they calculate. It's at .92 which is really great. For the pool it's .96 so that's good because the Colorado average is a little over one. The pool as a whole is doing really well. The experience modifier adjustment they're putting on your quote was a 1.24 so the experience must be well over one to get an adjustment that large.

Commissioner Sonnenberg mentioned that one of Pinnacle's arguments was that they could get people back to work quicker. Ms. Burcham stated that they do put a lot of money and effort into return to work or back to work. CWCP is also able to assist with that too. However, the county may not have a desk job available for some positions that are equipment operators, etc.

Equity distribution sets the CWCP apart. Other counties' equity is different based on their loss ratios and their contributions. Rhonda Curran will be sending out the membership packet later this week so the Board will be able to see the other counties' contributions and equity. With Pinnacle, or other carriers, if there was some distribution or payback it comes at the end of the policy, possibly years later so to speak, based on experience and payroll audits. If you had good loss ratios, then they'll pay a dividend. It comes at the end of the period.

There being no further business, the meeting was adjourned at 10:17 a.m.