

THE BOARD OF COUNTY COMMISSIONERS HELD AN INFORMAL REGULAR SESSION ON WEDNESDAY, AUGUST 13, 2014, WITH COMMISSIONERS DAVID H. UIBLE, ROBERT L. PROUD, AND EDWIN H. HUMPHREY IN ATTENDANCE.

ALSO IN ATTENDANCE WERE STEPHEN H. RABOLT, COUNTY ADMINISTRATOR, AND DEBORAH BRITTON, CLERMONT COUNTY COMMISSIONERS' OFFICE. ADDITIONAL ATTENDEES AT THE INFORMAL REGULAR SESSION ARE LISTED ON THE ATTACHED ATTENDANCE SHEET.

LET THE RECORD SHOW THAT THE AUGUST 13, 2014 INFORMAL REGULAR SESSION WAS VIDEOTAPED AND IS AVAILABLE FOR PUBLIC INSPECTION MONDAY THROUGH FRIDAY BETWEEN THE HOURS OF 8:00 A.M. TO 4:30 P.M. LOCAL TIME. IN ADDITION, THE INFORMAL REGULAR SESSION IS AVAILABLE FOR PUBLIC VIEWING THROUGH THE COUNTY GOVERNMENT WEBSITE AT <http://www.clermontcountyohio.gov/videos-worksession.aspx>.

THE FOLLOWING ISSUES WERE PRESENTED FOR DISCUSSION:

Issue - CompManagement, Inc. – Workers' Compensation 2015 Rating Options - Debby Beck, Clermont County Human Resource Coordinator, Bob Sander, Clermont County Human Resources Consultant and Bruce Preston, Manager Client Services, CompManagement, Inc. were in attendance...13-1021-003

Discussion - Mr. Sander introduced Mr. Preston from CompManagement, Inc. who provided a presentation to the Board entitled "Working Harder For You". Detailed discussion was held regarding the specifics as outlined in the presentation provided.

Mr. Preston discussed the Board's history of Bureau of Workers' Compensation (BWC) coverage and claims through CompManagement as well as the current premiums. Mr. Preston explained how the State of Ohio calculates the premiums for each employer and how those calculations will be changing in 2015 and 2016. Mr. Preston discussed the new calculation method being implemented by the Ohio BWC as of 3/31/15 and is currently set on June 30th each year based upon 4 years of claims history. Mr. Preston further explained that in 2016 premiums will no longer be paid in arrears; during 2015 there will be a transition to a prospective billing cycle. Starting next year, Clermont County's 2016 ratings will be based off actual claim numbers from 1/1/10 to 12/31/13.

Mr. Preston noted that the Board has chosen individual retrospective rating coverage since 2008 with stop loss coverage of \$200K per claim and a maximum of 150% of the premium exposure.

The BWC will be giving every public employer a discount of 50% in 2015 given that everyone will be paying both retrospective and prospective premiums during that premium year. The 2016 payments will be based on the estimated payroll on the last fully reported payroll (i.e. 2014), and there will also be a "true up" in February 2015. The first month payment for 2017 will be due in December 2016, since every employer will be paying on estimated payroll. The idea is to get rid of defaults and the issues where employers are using the policy and then not paying for it since it is retrospective. The BWC will be including a standard 3% increase on the base pay for the 2014 payroll year.

After the 2017 rating year employers will have options as to how to pay. There will be options to pay in 1, 2, 4, 6 or 12 installments. There are no discounts for early payments and no charges for paying in 12 monthly installments. Commissioner Humphrey pointed out that if the County paid in 12 monthly installments the County has the ability to use and invest that additional money for that additional time. Commissioner Proud asked if there was a grace period, and Mr. Preston stated there is no grace period, if a payment is late you will be considered to be in a non-covered status.

The "true up" period will be sent out in February. Each employer will receive a notice in the mail, however Mr. Preston noted the County will be responsible to follow up and find out if there is indeed a credit due back to you dependent upon your actual payroll and the payments made upon the estimated payroll.

Mr. Preston further discussed the Transition Credit and Rebates. Rebates and credits will be based on the full premium even though the County will only be paying 50% in 2015/2016. It is important to remember that claims costs will not be reduced. The County will still be responsible for the full amount of the actual claims costs. The BWC does have about \$9B in the surplus fund which will cover the 50% discount credits and covered the rebates received in 2011. Mr. Preston noted that this surplus money is reserved and can only be used for workers' comp claims or returned to the employers, therefore he believes we may see another rebate in the near future.

Mr. Preston stated County participation in the retrospective rating program has had estimated savings since 12/31/13 of approximately \$1.395M, noting that claims in reserve if settled before the 10 year limit would not have to be paid to the State.

Mr. Preston also noted that program rebates or assessments will be based on the full premium even though the County will only be paying 50% of the premiums in 2015 and 2016.

Mr. Preston provided the Board with the following options:

Individual Retro: County selects a claim exposure limit, policy exposure limit, 40% minimum premium estimate + costs of claims over 10 years. 150% is the maximum exposure the County would be responsible for over the 10 year period.

CCAO Group Retro: This option is pooled with other counties from CCAO, first formed in 2010, stringent vetting process, BWC reviews the claims for the group for 2015 once a year for 3 years and the County would be responsible for 15% maximum of the standard premium. The 2014 group (33 members) has had 2 fatalities and is still projecting rebates for each member.

Self-Funding Insurance: The County is responsible for paying the full cost of claims. The County can purchase per claim excess insurance, however this is not something CompManagement, Inc. would recommend until after the credits in 2017 at the earliest.

Commissioner Uible asked what the costs are for fatalities. Mr. Preston provided the following information: \$7,500 for burial and funeral expense, plus benefits for the surviving spouse for life or until remarriage, and benefits for dependents until the age of maturity. They estimate those costs to be an average of \$500,000 per fatality.

Mr. Preston provided a cash flow comparison between the Individual Retrospective Rating and Group Retrospective Rating programs in the presentation on slide #12 for reference.

Commissioner Humphrey asked if there is a solid recommendation from County staff.

Ms. Scheetz asked if you have to wait three years to get the rebates as a new group member when entering into group retro. She also stated that she has more questions that will need to be answered before making a decision or recommendation.

Mr. Preston explained that each review date for the rebates are on the following dates 12/31/16, 12/31/17 and 12/31/18 and the rebates would be received by April the following year. However, if the County should decide to go into the Group Retrospective Rating plan in 2015, then the claims costs from 2008-2014 would still be the County's responsibility, due to the fact that the County was in the Individual Retrospective Rating during that period.

Commissioner Humphrey stated he believes from the information provided that the most conservative approach would be the Group Retrospective rating. Mr. Preston stated that would be correct.

Commissioner Proud asked if there was a vetting process for counties that are not performing well and safely to not be allowed back into the pool the following year. Mr. Preston confirmed that stating, if you do not have a 1 group rating the following year you will not be admitted back in the group

Mr. Sander stated he has had several conversations with Beth Miller at CCAO and she has assured him that just because a County wants into the Group Retrospective Rating that does not mean they will be approved, there were only 33 counties in this system for 2014.

Mr. Preston stated that CCAO does charge a fee to each county to be a member of the group, which for Clermont County is estimated to be \$14,285 for 2015 and the cash flow is a little higher with the Group Retrospective Rating option.

Deadline for filing a rating selection is October 31, 2014. Mr. Preston stated he does not need a decision today; he stated he was here today to provide the Board with information and allow them time to do any additional research to make an informed decision.

Mrs. Beck stated she thinks the County would benefit from selecting the Group Retrospective Rating option. She believes that being involved in a group would bolster areas that we could take advantage of such as safety programs and training, and being a part of the group that could assist in lowering part of the claims.

Mr. Preston stated that as members of Group Retro the County will be required to attend at least two of the group meetings a year. Some will be offered online and at least one will require attendance by County representatives in person.

Let the record show that Commissioner Proud left the meeting at 11:55 a.m.

Mr. Preston made it clear that in May of 2015 we will have to pay 2 years' premiums and will be responsible for the 10 year claims costs for the claim years 2008-2014 no matter which plan the County chooses.

Conclusion/Follow-Up Action Needed -

Ms. Scheetz would like to perform further analysis before recommending a plan to the Commissioners. The Commissioners agreed that would be the best course of action and will await further information from Mr. Scheetz before making a decision.

Adjournment

Informal Regular Session was adjourned.

**BOARD OF COUNTY COMMISSIONERS
CLERMONT COUNTY, OHIO**

DAVID H. UIBLE, PRESIDENT

ROBERT L. PROUD, VICE PRESIDENT

EDWIN H. HUMPHREY, MEMBER

STEPHEN H. RABOLT, COUNTY ADMINISTRATOR

9/24/14
DATE APPROVED