Draft Version - Minutes of Second Injury Fund Advisory Board
Wednesday, June 11, 2014 Meeting
Final Version of these minutes will be posted after approval by The Advisory Board at the next meeting to be held in November 2014

Office of the Treasurer
Second Injury Fund
Advisory Board
June 11, 2014

Present: State Senator Gary Holder-Winfield, Chair of the Labor & Public Employees Committee /General Assembly
State Representative Peter Tercyak, Chair of the Labor & Public Employees Committee/General Assembly
Lori Pelletier, Connecticut AFL-CIO;
Eric Gjede, Connecticut Business and Industry Association;
Joseph McFetridge, Northeast Utilities Service Company;
Dan E. Krause, International Union of Operating Engineers, Local 478 Benefits Funds.

For the Fund: Maria M. Greenslade, Assistant Deputy Treasurer
Deborah D'Agostino, Collections
Hank Gaffney, Claims Manager
Gloria G. Williams, Controller
Amber Bassett, Executive Secretary

Meeting was called to order at 11:10AM and was held by teleconference.

1. Welcome/Roll Call: Ms. Greenslade welcomed and introduced members of the Fund who were present on the call, including new Advisory Board member State Senator Gary Holder-Winfield. Ms. Pelletier thanked Senator Holder-Winfield, called the meeting to order and welcomed all members to the Advisory Board meeting.

2. Adoption of Minutes: Ms. Pelletier invited adoption of the October 2013 meeting minutes. Mr. Krause moved to adopt the minutes; Mr. McFetridge seconded the motion. There was no discussion and the minutes were unanimously adopted.

3. Update on Operation of the Fund: Ms. Greenslade asked Gloria Williams, Controller, to present an update on the Financial Operation of the Fund. Ms. Williams stated that the Fiscal Year 2013 Annual Report to the Treasurer was included in the meeting packet mailed out prior to the meeting. The Annual Report includes the final Statement of Revenues, Expenses and Changes in Net Position for Fiscal Year ended June 30, 2013. This was discussed at the last meeting and there have been no changes. In summary, Fiscal Year 2013, the Total Operating Revenues of $38 million represents a $5 million (16%) increase over the prior Fiscal Year mainly due to the assessment revenue (often Insurance Carriers report assessments from past years when rates were higher).

The Total Operating Expenses for the year decreased $660,000 (2%) mainly due to Settlements and Indemnity payments being lower for the year and partially offset by the increase in Medical Claim benefits paid. Overall, Revenue exceeded Expenses by $500,000 for the fiscal year, resulting in a Net Position of $25.7 million at the end of Fiscal Year 2013.

As for the current year financial statements for the 11 months of Fiscal Year 2014, Operating Revenues are currently at $40 million (an increase of $2 million (5%) over the prior year). Operating Expenses are currently below the prior year by $1.3 million – mainly because of Indemnity Claims. And as a result of this, as of May 31, 2014, there is a $3.8 million Change in Net Position (Revenues exceed Expenses) with a Total Net Position of $30 million. There were no questions regarding the financial operation of the Fund.

Ms. Greenslade referenced a copy of the Treasurer's Assessment Rate letter, dated May 1, 2014, included in the meeting packet. Ms. Greenslade reported the assessment rate for insured employees will remain at 2.75% for the ensuing fiscal year. This is the sixteenth consecutive year the Second Injury Fund either reduced or maintained the assessment rate. Prior to 1999, the rate continuously fluctuated. The Treasurer is very proud of the work that has been done to maintain assessment rates at stable levels for Connecticut businesses. At the beginning of the Treasurer's administration Prudent fiscal policies were implemented allowing the Fund to maintain assessment rates at 2.75% for insured employers and 3.25% for self-insured employers.

Ms. Greenslade stated there has been no change to the Analysis of the Assessment Rate since there was no change in the rate. There were no questions regarding the Analysis.

Ms. Greenslade asked Mr. Gaffney to update the Board on the Claims Unit. Mr. Gaffney reported the Second Injury Fund's claims payout through May 31, 2014 for Fiscal Year 2014 was $29.7 million, which was within the forecasted amount. He indicated the Fund should finish the Fiscal Year at the forecasted amount of $32.3 million, showing a continuation of payout predictability.

Mr. Gaffney continued by stating that the Fund's settlement activity has increased 29% through May 2014. The concurrent employment claims have continued to stay at a lower value and represent 80% of the Funds settlements. The average cost to settle a concurrent claim is approximately $15,000.00. With this said, stipulation payments have been diminishing due to the lack of high value stipulation agreements.

Mr. Gaffney stated new claims are up about 20%, which is above the 10 year average. As of June 30, 2013 there were an estimated 700 new claims filed with the Fund for Fiscal Year 2014. Of those 700 claims, 72% are concurrent claims (310's), 27% are uninsured employer's claims (355's) and the last 1% are the COLA's. The Fund remains closed to 349 cases. The unfunded liability as of the end of fiscal year 2014 is slightly below $400 million. The Fund's future liabilities continue on a downward path.

4. Legislative Update: Mr. Gaffney stated there were no new laws that had an impact on the Fund.

5. Other Business: Ms. Greenslade began with noting the upcoming Treasurer's Annual Report due to the Governor on July 1, 2014. The Fund is in the mist of drafting the cover letter and the report for the Treasurer's review. Ms. Greenslade stated that the Advisory Board members will receive a copy of the final Annual Report submitted to the Governor's Office.

Ms. Greenslade informed the Board that the Fund is underway with the process of upgrading to the Second Injury Fund computer system. The system the Fund is currently using has been in existence for over a decade and has served the Fund well. The Treasurer extends her thanks to those members of the Advisory Board that attended the focus group regarding the computer upgrade and payment of assessments. The Treasurer has reviewed and approved the assessment screens and the direction of the new system. The anticipated roll out for the new system is targeted for the end of calendar year 2014 or early 2015.

The Treasurer has been considering requesting the Advisory Board to host Round Table discussions with the Fund stakeholders. The discussions are to encompass the direction of the Fund in the next 5 years, including reforms to state law. Ms. Pelletier asked if the Treasurer will seek volunteers from the board. Ms. Greenslade stated the concept is still in the planning stages and she will inform the Board as details are available.

Ms. Greenslade reminded Advisory Board members that everyone's terms, except for the Chairs of the Labor and Public Employees Committee of the General Assembly, expire on December 31, 2014. She asked Board members to consider if they would like to remain members of the Fund's Advisory Board.

Ms. Greenslade noted that the next meeting is scheduled for November 19, 2014 at 11AM. Ms. Greenslade asked if there were any conflicts with the meeting date listed on the Agenda; there were none.

Ms. Pelletier asked members if there was any further business. Hearing none, Ms. Pelletier concluded by thanking the Treasurer and the Fund for all of their hard work. Ms. Pelletier asked for a motion to adjourn the meeting. State Representative Tercyak moved to adjourn the meeting; Mr. Krause seconded the motion. Motion passed unanimously.

Meeting adjourned at 11:28AM.