



JUDICIAL COUNCIL OF CALIFORNIA

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JUDICIAL BRANCH WORKERS' COMPENSATION PROGRAM ADVISORY COMMITTEE

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MINUTES OF OPEN MEETING

March 28, 2022

1:00 p.m. - 3:30 p.m.

<https://jcc.granicus.com/player/event/1688>

Advisory Body Members Present:	Hon. Matthew Brower, Ms. Heather Capps, Ms. Stephanie Cvitkovich, Mr. Charles Johnson, Ms. Krista LeVier, Ms. Arline Lisinski, Mr. James Owen, Ms. Bryna Smith, Ms. Kimberlie Turner, Ms. Shelby Wineinger, Mr. T. Michael Yuen
Advisory Body Members Absent:	Ms. Kim Bartleson, Mr. Brandon E. Riley, Mr. Hugh Swift, Mr. Brian Taylor
Others Present:	Mr. Patrick Farrales, Ms. Maria Kato, Mr. Edward Metro, Ms. Jade Vu, Ms. Miki Katsuyama Novitski, Ms. Sayuri Okamoto, Ms. Jacquelyn Miller, Ms. Becky Richard, Mr. Jon Paulsen

OPEN MEETING

Call to Order and Roll Call

Ms. Shelby Wineinger, Chair, called the meeting to order at 1:04 p.m. and Mr. Patrick Farrales was asked to take roll call.

PUBLIC COMMENT (CAL. RULES OF COURT, RULE 10.75(K)(1))

Written Comment

Mr. Patrick Farrales reported that there were no public comments received. However, Mr. Patrick Farrales informed the Committee members that comments were received from Court Executive Officers concerning confidence level proposals.

DISCUSSION AND ACTION ITEMS (ITEMS 1-2)

Item 1

Updated Draft Actuarial Report and Premium Allocation

Ms. Becky Richard, Senior Manager, Bickmore Actuarial, presented updated actuarial report numbers, which were originally presented in February. The new report reflects adjustments to the TPA fees, based on the new contract. She presented the total allocation costs for both programs. The changes to the cost were minimal from the time she presented in February, with a slight decrease in ultimate loss and excess insurance premiums. Third-party claims administration fees have decreased significantly based on the new contract. Consulting and brokerage expenses have remained mostly unchanged, with only a 1.2%

increase. The loss allocation methodology remains unchanged. Everything is based on a three-year period, losses are capped at \$75,000 per claim. The expense allocation methodology also remains unchanged. For both programs, both excess insurance premiums and consulting brokerage fees are allocated based on % of total payroll. TPA fees are allocated based on the court's percentage of total loss/ALAE funding for the program year.

Ms. Richard proposed considering changing the confidence level from the current 60% to 70%. She explained that if the confidence level is kept at 60% for another year, a significant decrease could be seen. If a 70% confidence level is chosen, the numbers are increased, however, it would help to bring the program surplus higher, at a quicker rate.

Mr. Farrales and Ms. Wineinger shared that the comments received from the members were all in support of increasing confidence levels.

Question: Do the confidence level numbers presented mean that the spending will be less than the amount taken in?

Answer: Yes, although there may be some years that are high or low, overall if it is funded at a 70% confidence level, then over time more money will be brought into the fund, adding to the surplus a little bit each year.

Question: In the last five years, have we had any years where more was spent than what was taken in?

Answer: No, for the last several years claims have been coming in consistently lower than what was estimated. Which is the reason the program is now at a slight surplus. This is a good time to bump up the confidence level considering the fund is at a break-even point. Most entities are funding between 75-85% confidence level.

Question: Was there any feedback related to confidence level from the judiciary program?

Answer: Yes, feedback in support of increasing confidence level was received from the judiciary program. It was further explained that the discussion was held with the Budget Services team to make sure that entities in the judiciary who would receive an increase do have sufficient funds to afford the increase, which they confirmed would not be an issue.

Action: Review and approve the selected confidence level

Motion: Ms. LeVier moved to approve and move to a 70% confidence level. Mr. Johnson seconded the motion. Mr. Owen opposed the motion. There were no abstentions.

Ms. Shelby Wineinger called for a motion on approving the actuarial report.

Motion: Ms. Capps moved to approve the actuarial report, without amendment. Ms. Turner seconded the motion. There were no oppositions nor abstentions.

Item 2

Program goal setting and initiatives

Mr. Patrick Farrales, Supervising Analyst, Judicial Council, and Mr. Edward Metro, Senior Analyst, Judicial Council presented an overview of the various priorities and the recommended items to be discussed during the first year while transitioning with the new TPA. Mr. Farrales mentioned there is some flexibility in the timeline of the initiatives, given the members may have to spend significant time on the transition itself. Judicial Council staff and program vendors will work together to create recommendations first for the working groups to review.

For year one, under governance, the working group would work to update the memorandum of coverage which includes catastrophic incidents, volunteers, member reporting requirements, and the process of the acceptance of terms and conditions from other members. In regard to litigation management, in the past, there may have been an overreliance on defense and litigation which resulted in higher costs when it could have been managed at the adjuster level. After learning of all of Sedgwick's technological capabilities, there may be an opportunity for potential savings in cost. The program staff will review Sedgwick's performance in these areas and develop initiatives to present to the working group members.

Under risk control, beginning December 1, an inventory of the existing program training will be developed. A discussion will also be held with the auditor to discuss ways to measure Sedgwick's performance, at that time. For Financial goals and metrics, during the first year, the goal would include developing a dashboard as well as setting the financial goals and initiatives. The program will determine the appropriate surplus level. Mr. Farrales hopes to create a standardized financial reporting system using Sedgwick's technology to share with the members in the future.

A timeline for the respective goals was presented.

Question: Could you please clarify, what the end date is expected for each of the initiatives?

Answer: The end dates will need to be determined as some of these initiatives will extend for a couple of fiscal years.

Question: If the expectation is for the (governance piece) to be done and ready for the fiscal year 23-24 for the subcommittee to review, will the working group be expected to draft this within three to four months?

Answer: Yes, the draft for the Memorandum of coverage will have to be written before the next advisory meeting so that the committee may approve it.

Ms. Shelby Wineinger called for a motion on approving the priorities and timeframes for the upcoming fiscal year.

Motion: Ms. Capps moved to set forth the timeline presented. Mr. Johnson seconded the motion. There were no oppositions nor abstentions.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:34 p.m.