

DRAFT
Minutes of the Second Injury Fund Advisory Board Meeting
Wednesday, October 11, 2023 at 11:00 a.m.
Hybrid Meeting

Present: Senator Julie Kushner
Melissa Riley, Hartford Healthcare
Marko Kaar, CT Construction Industries Association
Ed Hawthorne, CT AFL-CIO

Absent: Peter Myers, Connecticut Business & Industries Association
Representative Emmanuel Sanchez
Brian Anderson, Council 4 AFSCME
Rochelle Palace, 32BJ Services Employee International Union

For the Fund: Michelle Seagull, Assistant Treasurer
LaShell Rountree, Deputy Assistant Treasurer
Adolphus Ellis, Claims Manager
Danielle Pare, Controller
Cortney Giles, Executive Secretary, Minutes

Guest: Jessa Mirtle, Legal Counsel
Wenhao Ruan, Intern

This meeting was called to order at 11:00 AM via Microsoft Teams. Attendees for The Fund/SIF Advisory Board sat in Conference Room G004F at 165 Capitol Avenue, Ground Floor, Hartford, CT 06106.

1. Welcome/Roll Call

Assistant Treasurer Michelle Seagull introduced herself and opened the floor for the staff of the Fund and Advisory Board members to reintroduce themselves to the Advisory Board meeting.

2. Chair Vote

Senator Julie Kushner moved to elect a Ed Hawthorne as the Chair of the Board. Melissa Riley seconded her motion, and all present members were in favor of the motion.

3. Adoption of Minutes

Senator Julie Kushner moved to adopt the October 2023 minutes. Melissa Riley seconded her motion, and all present members were in favor of the motion.

4.

a. Update on Operation Fund

Controller, Danielle Pare, provided an update of the financial operation of the Fund. She stated that at our last meeting in October, we discussed the Fund's FY2023 financial statements for the year ending June 30, 2023. The financials were published in December 2023 and are available on the Treasurers website.

In summary:

Operating Revenues totaled **\$30.7 million**, **Operating Expenses** were **\$27.4 million**, consisting mostly of injured worker benefits (\$19.6M settlements, **indemnity** and medical expenses paid to claimants) resulting in an **excess of revenue over expenses by (\$3.3 million)** for the year.

As of May 31, 2024, the results for 11 months are:

Total Operating Revenues are at \$31.1 million (\$1 million higher than last year's 11-month total)

Total Operating Expenses of \$23.1 million are \$4.6 million higher than last year's 11-month total. The \$23.1 million is comprised of \$16 million in injured worker benefits and \$7.1 million in administrative expenses. This \$4.6M variance is attributable to higher indemnity reimbursements & settlement claims paid to date.

The Change in Net Position, which is the difference between revenue and expenses, for 11 months of FY24 is \$8 million – with revenues exceeding expenses. Historically, the month of June has been a high paying month for expenses resulting in a loss for the month but overall FY24 is expected to report earnings that are favorable. The fiscal year 2024 financials should be finalized by August and will be reported at the next Advisory Board meeting in October. Overall, the Fund continues to report stable results.

The FY 2025 Budget was finalized in April enabling the Treasurer to announce on May 1st the assessment rates for FY25. As a result of budget numbers, there are no rate changes for the upcoming fiscal year; Insurance Companies will remain at 2.25% for insured employers and 2.75% for self-insured employers.

Revenue is projected to be \$30 million, Expenses \$29 million, and Change in Net Position is projected to be a positive (\$1 million).

b. Workers Compensation Update/Office of Attorney General

Adolphus Ellis, Claims Manager, presented the SIF Advisory Board with a Claims Unit update. The operation of the SIF continues to function effectively. Staff continue to be cross trained to ensure the Fund is operating with maximum efficiency.

Adolphus listed the positions that make up the Second Injury Fund's staff.

Adolphus discussed the primary statutes that The Fund administers and their percentage in the make up of The Fund's overall claims.

Points discussed:

- The SIF currently has 2884 open claims. This represents a 2% increase from the October meeting. We continue to close inactive files that are either settled or the injured employee's or their dependent spouses or children are no longer entitled to benefits.
- The Claim Reserves or unfunded liability for the FY to date are \$170.7 million (which is the future costs for the claims currently reported to the fund). This is a reduction of approximately \$11 million from our October Advisory Board Meeting. Settlements and employee deaths (349) are still the big drivers of future costs for which the Fund is financially responsible.
- The Fund continues to be active with settlements through the end of May 2024. We have settled \$3,644,885. This represents 121 total cases settled this FY with two weeks to go in June to close out the year. As I have indicated in the past, I have budgeted \$4,923,996 or \$410,333 per month . We are on track to be under budget this year. Settlement is a way of reducing the Fund's future liabilities.
- We still average approx. 200 informal hearings per month. We have 4 hearing Representative to cover our hearings. I do have 3 backup hearing reps if needed.

5. Proposed Meeting Dates for Calendar Year 2024:

A.T. Young informed the Board that historically the Board meetings are conducted on Wednesdays at 11:00am. A.T. Young proposed June 19, 2024 and October 16, 2024. Ed Hawthorne informed the Board that June 19th is a holiday and A.T. Young proposed 6/20/24 at 11:00am. She stated that since a full quorum was not present that we could not take official action but suggested scheduling those dates.

There being no further discussion, the meeting was adjourned at 11:43 a.m.

The next hybrid meeting is scheduled to occur at 11:00 a.m. on June 20, 2024.