

Minutes of Second Injury Fund Advisory Board Meeting
Wednesday, October 12, 2022 at 11:00 a.m.

Present: Cliff Leach, Vice President of Government Affairs
Brian Anderson, Legislative Director 4 AFSCME
Eric Gjede, Vice President for CT Public Policy (on behalf of Louise DiCocco)
Kimberly Harrison, Hartford Healthcare
Marko Kaar, CT Construction Industries Assoc (on behalf of Donald Shubert)
State Rep. Robyn Porter, Chair of Labor and Public Employee Committee
State Senator Julie Kushner,
Ed Hawthorne, President CT AFL-CIO (Chair)

For the Fund: Jamie M. Young, Assistant Treasurer
Adolphus Ellis, Claims Manager
John Lopes, Special Funds Administrator
Gloria Williams, Controller, Retired
Julie Bernard, Accountant
Kate McLean, Paralegal Specialist, Minutes

Guest: Kenneth Kennedy, Jr., Assistant Attorney General

This meeting was called to order at 11:00 AM via Teleconference and Microsoft Teams.

1. Welcome/Roll Call

Assistant Treasurer, Jamie Young welcomed board members and conducted roll call. She introduced and welcomed to the meeting Kenneth Kennedy, Jr., Assistant Attorney General.

2. Adoption of Minutes

Eric Gjede motioned, and Cliff Leach seconded the motion, for the approval of the July 6, 2022 minutes as continued from the June 15, 2022 meeting. Ed Hawthorne abstained, due to his absence from that meeting. The remainder of the Board voted to approve the minutes.

3. Status on Election of Chair of SIF Advisory Board

A.T. Young stated that the Advisory Board Chair was open due to the departure of previous Chair, Sal Luciano.

Senator Kushner motioned, and Brian Anderson seconded the motion, for Ed Hawthorne to act as Chair. The vote was unanimous to approve Mr. Hawthorne as Chair of the SIF Advisory Board.

4. Update on Operation Fund

Gloria Williams, retired Controller, provided an update of the financial operation of the Fund. She stated that Financial Statements for the Fund's FY2022 ending June 30, 2022 are completed and currently being reviewed by the Auditors. These Financial Statements are scheduled to be published December 2022 as part of the Treasurer's Annual Report.

In summary, total operating revenues were up due to the timing of payments as a result of the pandemic. Companies that may have been lax in making payments during the pandemic are back on schedule. Total operating expenses were lower due to a decrease in indemnity payments, medical claims, administrative expenses, and settlements over the prior year. Thus, FY22 experienced an increase in net position due to revenues exceeding expenses.

Q1 Current Year Financials - FY2023: The 3-month revenue is 7.2% higher than last year's comparable timeframe. Total Operating Expenses which include Benefits Paid (Settlements, Indemnity and Medical costs) and Administrative Expenses are lower which resulted in a positive change in Net Position as of 9/30/22.

This positive net income number reflects the timing of FY22 accrued expenses that were reversed during the first month of FY23 - The Fund will feel the effect of actual incurred expenses throughout the entire year that will offset the accrual reversal. As a result, the Change in Net Position is a bit inflated right now but is expected to level off throughout the year and is budgeted to show a \$4 million net loss for the fiscal year. This negative loss was necessary to keep the assessment rates at 2.25% for insured employers and 2.75% for self-insured employers. In summary, the Fund continues to show strong financial performance.

A.T. Young spoke about staffing and the recent wave of retirements. Strategic consideration of roles has been completed and restaffing and backup training is now underway. A.T. Young discussed siloed positions such as having only one nurse on staff. She shared that cross-training measures are being taken for several of the roles and consultation with Human Resources about back up opportunities in line with the union agreements to the nurse position if a need arises. Covid provided great insight to the struggles when staff are out for extended periods of time and no back up exists. A.T. Young further reported that she and Adolph Ellis initiated bi-annual meetings and monthly training sessions with all of SIF staff.

In addition, A.T. Young mentioned that marijuana has become a prescribed medical treatment in CT and that reimbursements are now being sought. A recent ruling by the Workers Compensation Commission is being reviewed regarding how it may be applied in SIF even as the first requests for reimbursement have been submitted. The benefits of marijuana as a prescribed treatment includes being a much less expensive than the opioids currently being prescribed along with a reduced risk of addiction.

5. Workers Compensation Update/Office of Attorney General

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

Adolphus discussed

Points discussed:

- Discussed four of the SIF claim types: Second Injury, Uninsured Employers, COLA, and Concurrent Employment.
- There are currently 2,617 open claims. This represents an increase over the last Advisory Board meeting despite many claim's files being closed. Some closings have been delayed to address a lag in requests from carriers, etc.
- The Claim Reserves or unfunded liability for the FY23 to date are \$197.8 million (which is the future costs for the claims reported to the fund).
- The Fund was active with settlements through the first Quarter of FY2023. We settled \$1,220,099.
- SIF still averages approx. 200 informal hearings per month. No increase/decrease.
- Increase in Concurrent claims. Second highest is Uninsured claims. Third highest is original SIF claims, which are closing out based on mortality rates.

Cliff Leach asked how, as automation occurs, it has changed the number of claims. Mr. Ellis responded that it has changed the number of claims. In addition, the Covid pandemic caused a decrease in people in the workplace and therefore a correlative decrease in the number of claims. Now that people have returned to work, and often in multiple roles, the claim numbers are returning to normal.

Assistant Attorney General, Kenneth Kennedy, Jr., provided the Board with information about his agency and role in Workers' Compensation and SIF. He explained informal hearings and pre-formal hearings. He explained how and when discovery, possibility of settlement, mediation, and then formal hearings are utilized. He shared that many cases remain open indefinitely. He shared that the A.G.'s Office lost a lot of staff due to retirement, and they are currently working on re-staffing. He noted that his team saw an increase in claims before Covid, and a decrease once the pandemic began. Now that

people have returned to work, there is currently a levelling off. There is a notable increase in Uninsured claims, especially in Fairfield County.

6. Membership for 2023 terms

A.T. Young expressed gratitude to the SIF Advisory Board members and designees for their support and participation. Cliff Leach expressed his appreciation for participating on the SIF Advisory Board but confirmed his intention to not be considered for reappointment in 2023.

The new four-year appointments [January 1, 2023 – December 31, 2026] for the SIF Advisory Board [*pursuant to CGS Sec. 31-349e*] will be effectuated later this year in consultation with the Treasurer and Statutes.

7. Proposed Meeting Dates for Calendar Year 2023

The proposed meeting dates for 2023 are:

- Wednesday, June 21, 2023 at 11:00 a.m.
- Wednesday, October 11, 2023 at 11:00 a.m.

Bryan Anderson motioned, and Eric Gjede seconded the motion, for the approval of the proposed schedule for 2023. The vote was unanimous to approve the proposed schedule.

There was a consensus among the Advisory Board for future meetings to discontinue use of the teleconference tool and instead solely use Microsoft Teams technology that allows simultaneously for audio or video meetings.

There being no further discussion, the meeting was adjourned at 11:40 a.m.

The next meeting is scheduled to occur at 11:00 a.m. on June 21, 2023.