

Minutes of Second Injury Fund Advisory Board
Thursday, October 15, 2020 Meeting
Approved by the Advisory Board on October 14, 2021

Office of the Treasurer
Second Injury Fund
Advisory Board
October 15, 2020

Present: Brian Anderson, Council 4 AFSCME
Kimberly Harrison, Hartford Healthcare
Marko Kaar, CT Construction Industries Association
Senator Julie Kushner, Chair, Labor and Public Employees Committee
State Rep. Robin Porter, Chair, Labor and Public Employees Committee

Absent: Brian Corvo, Connecticut Business and Industry Association
Clifford G. Leach, Reginal Vice President of the Hartford Financial Group, Inc.
Sal Luciano, Connecticut AFL-CIO (Chair)

For the Fund: Maria M. Greenslade, Assistant Treasurer
Hank Gaffney, Claims Manager
Gloria G. Williams, Controller
George Petropoulos, Supervising Special Investigator
Christina McGinnis, Executive Secretary

Meeting was called to order at 11:05 a.m. and was held by teleconference.

1. Welcome/Roll Call

Ms. Maria Greenslade, Assistant Treasurer, welcomed board members and conducted a roll call. Ms. Greenslade then introduced herself, members of Second Injury Fund (“SIF”), and Executive Secretary, Christina McGinnis.

2. Adoption of Minutes

Ms. Greenslade called for a motion to accept the minutes of the June 10, 2020 Advisory Board Meeting. Senator Julie Kushner moved to accept the minutes and seconded by Marko Kaar. There being no further discussion, Ms. Greenslade called for the vote and the minutes were unanimously accepted.

3. Update on Operation of Fund

Financial Update - Ms. Greenslade asked Ms. Gloria Williams, Controller, to present an update on the Financial Operation of the Fund. Ms. Williams gave an overview of the Fund and stated that the Fund’s FY2020 financial statements (for the year ending June 30,

2020) have been reviewed by the auditors and will be published December 2020. She said the total operating revenues were \$27 million which is \$4 million less (18%) than the prior year due to the lower assessment rates that were effective on July 1, 2018 and the timing of payments due to Covid-19.

Ms. Williams continued and said the total operating expenses of \$28 million were \$2.4 million (8%) lower than the prior year with Indemnity having the biggest impact (\$1.9 million lower than prior year), along with Settlements being \$409,000 lower than the prior year. She stated the change in net position (the difference between revenue and expenses) for FY2020 was a negative (\$1.4) million – with revenues trailing expenses. This represents a \$4.1 million decrease over last year's performance.

Ms. Williams then gave an overview of the current year FY2021 through September 30, 2020 and stated that the first three months revenue of \$6.5 million was \$653,000 lower (9%) than last year and the total operating expenses of \$5.2 million, which included benefits paid (settlements, indemnity and medical costs) and administrative expenses were \$207,000 lower than FY2020 actuals.

She noted that the current year three-month result was a change in net position of \$1.3 million compared to FY2020 which reported \$1.7 million after the first three months and that the \$446,000 decrease reflected the lower revenue at a greater pace than lower expenses paid to date.

Ms. Greenslade called for questions. There being no further discussion, Ms. Greenslade moved on to an update on the Claims Unit.

- **Claims Unit Status** - Ms. Greenslade asked Mr. Hank Gaffney, Claims Manager, to give the Board a Claims Unit update. Mr. Gaffney reported that the current open claim inventory (estimated *future* cost of open claims reported to the Fund) was \$208 million, which represents an \$83 million reduction (28.5%) from the \$291 million claim reserves as of January 1, 2019.

He indicated the current open claim inventory was 2,350 claims of which 1,500 (64%) are indemnity reimbursement claims and 850 (36%) are claims involving case management of indemnity and medical benefits for injured workers.

Mr. Gaffney stated that for new claim notices, SIF continued to receive approximately 550 new claims annually, 75% of which are indemnity reimbursement claims involving concurrent employment and the remaining 25% of *newly reported* claims involve administration of indemnity & medical benefits to workers who were injured in the course of employment for uninsured employer(s).

He reported claim settlements for fiscal year ending June 30, 2020, SIF settled 150 claims at a cost of \$4.1 million, resulting in an average settlement cost of \$27,300 and through the first three months of current fiscal year, the Fund has settled 64 claims at a cost of \$1.7 million, resulting in an average cost of \$26,300.

Lastly, Mr. Gaffney said the Fund is involved in an average of 300 hearings per month before the Workers' Compensation Commission and that the SIF staff handles the informal hearings, which average 230 hearings monthly. The remaining 70 hearings per month are pre-formal or formal hearings, and those hearings are handled by the Office of the Attorney General, frequently assisted by the SIF Investigations Unit staff.

Ms. Greenslade called for questions. There being no further discussion, Ms. Greenslade moved on to the Legislative Update.

4. Legislative Update

Ms. Greenslade reported that as of the date of the Advisory Board meeting it did not appear that Treasurer Wooden would be proposing SIF legislation. If the Treasurer does propose legislation, the Advisory Board will be notified.

Ms. Greenslade called for questions. There being no further discussion, Ms. Greenslade moved on to Other Business.

5. Other Business

- a. A copy of the letter and report to Governor Lamont on the Financial Condition of the SIF and a copy of the state statute under which the report is mandated are attached to the Agenda for the Board's convenience.
- b. Ms. Greenslade advised the Board that Treasurer Wooden issued an order in accordance with Executive Order 7M issued by Governor Lamont. The Treasurer's order permitted self-insured employers to pay the May 1, 2020 assessment on or before July 30, 2020. The Treasurer's order also permitted insurance company payments that were due on May 15, 2020 to be paid on or before August 13, 2020. This order was issued because of the ongoing COVID-19 pandemic. Ms. Greenslade also explained that a high percentage of staff for the Fund has been teleworking since mid-March. The Fund continues to attend hearings, telephonically, make timely payments to injured workers and continues to settle claims as deemed appropriate.
- c. The 2020 Annual Report will be available after December 31, 2020. Proposed meeting dates for 2021 were included on the agenda. The SIF is required to send a letter to the Office of the Secretary of the State on or before January 31, 2021 with a schedule of the two meeting dates during calendar year 2021. The proposed dates are:

Wednesday, June 16, 2021 at 11:00am

Thursday, October 14, 2021 at 11:00am

Ms. Greenslade asked members if there was any further business. She concluded by asking for a motion to adjourn the meeting. State Rep. Robin Porter moved to adjourn; Brian Anderson seconded the motion. Motion passed unanimously.

Meeting adjourned at 11:22 a.m.