

**Minutes of Second Injury Fund Advisory Board
Thursday, October 17, 2019 Meeting
Approved by The Advisory Board June 10, 2020**

**Office of the Treasurer
Second Injury Fund
Advisory Board
October 17, 2019**

Present: Brian Anderson, Council 4 AFSCME
Louise DiCocco, Connecticut Business and Industry Association
Kimberly Harrison, Hartford Healthcare
Marko Kaar, CT Construction Industries Association
Senator Julie Kushner, Chair, Labor and Public Employees Committee

Absent: Sal Luciano, Connecticut AFL-CIO (Chair)
Clifford G. Leach, Regional Vice President of the Hartford Financial Group, Inc.
State Rep. Robin Porter, Chair, Labor and Public Employees Committee

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

Meeting was called to order at 11:09 a.m. and was held by teleconference.

1. Welcome/Roll Call

Ms. Maria Greenslade, Assistant Treasurer, welcomed board members and asked to conduct a roll call. Ms. Greenslade then introduced herself, members of Second Injury Fund ("SIF"), and Veronica Sanders who covered for Executive Secretary, Christina McGinnis.

2. Adoption of Minutes

Ms. Greenslade called for a motion to accept the minutes of the June 13, 2019 Advisory Board Meeting. Senator Kushner moved to accept the minutes and seconded by Mr. 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 FY2019 financial statements (for the year ending June 30, 2019) have been reviewed by the auditors and will be published December 2019. She said the total operating revenues were \$33 million which is \$4 million less (11%) than the prior year due to the lower assessment rates that were effective on July 1, 2018.

Ms. Williams continued and said the total operating expenses of \$30.5 million were \$2.8 million (8%) lower than the prior year with Indemnity having the biggest impact (\$3.8 million lower than prior year), partially offset by Settlements being \$1 million higher in FY2019. She stated the change in net position (the difference between revenue and expenses) for FY2019 was \$2.8 million – with revenues exceeding expenses. This represents a \$1.3 million decrease (32%) over last year's performance.

Ms. Williams then gave an overview of the current year FY2020 through September 30, 2019 and stated that the first 3 months revenue of \$7.2 million was \$1.7 million lower (19%) than last year and the total operating expenses of \$5.4 million, which included benefits paid (settlements, indemnity and medical costs) and administrative expenses was \$3.2 million lower than FY2019 actuals. The main components of the shortage were settlements at \$1.8 million and indemnity \$900,000.

She noted that the current year three month result was a change in net position of \$1.7 million compared to FY2019 which reported a \$236,000 position after the first three months and that the \$1.5 million increase was a reflection of the lower injured worker benefits 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 a continued pattern of consistent claims activity and payout. He indicated that the Fund's total claims payout was \$22.9 million for fiscal year ending June 30, 2019, which included the payment of 206 settlements at a cost of \$5.5 million. He noted the continued downward trend of the average cost of those settlements from \$75,000 twenty years ago to the average settlement cost of \$27,000 for fiscal year ending June 30, 2019.

Mr. Gaffney reported that WCC hearing activity continues to average 300 monthly hearings, 230 of which are handled by SIF staff with the remaining hearings handled by AGO staff on behalf of the Fund. He reported that SIF's current reserves (estimate of future cost of claims that have been reported to SIF) have been reduced to \$274 million, a 67% reduction from the \$838 million level that existed in 1999.

Mr. Gaffney indicated that claims payout over the first three months of current fiscal year (July 1, 2019 through September 30, 2019) were significantly lower (27%) than during the same period last year. He opined that the second quarter of current fiscal year (October 1, 2019 through December 31, 2019) will show an increase over the first quarter as settlement and reimbursement payments are both expected to revert to a level more consistent with recent years. Mr. Gaffney also noted the continuation of the Fund's trend from claims management functions to reimbursement activities as only 40% of SIF's current open claims involve case management, with the remaining 60% of the cases limited to reimbursement payments to employers and/or insurers. Lastly, he noted that there was a significant reduction of open claim inventory during the first quarter of current fiscal year as 445 claims were closed in that quarter.

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. However, there are several months before the legislature convenes in early 2020. 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 Boards convenience.
- b. The 2019 Annual Report will be available after December 31, 2019. Attached to the agenda is a copy of the 2018 Second Injury report.
- c. The Office of the Treasury will be physically moving from 55 Elm Street to 165 Capitol Avenue in early January 2020. Packing of files and office items is ongoing.
- d. Proposed meeting dates for 2020 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, 2020 with a schedule of the two meeting dates during calendar year 2020. The proposed dates are:

Wednesday, June 10, 2020 at 11:00am

Thursday, October 15, 2020 at 11:00am

Ms. Greenslade asked members if there was any further business. She concluded by asking for a motion to adjourn the meeting. Ms. Louisa DiCocco moved to adjourn, Senator Kushner seconded the motion. Motion passed unanimously.

Meeting adjourned at 11:40 a.m.