

Draft Minutes of Second Injury Fund Advisory Board
Wednesday, June 6, 2018 Meeting
Final Version of these minutes will be posted after approval by
The Advisory Board at the next meeting to be held October, 2018

Office of the Treasurer
Second Injury Fund
Advisory Board
June 6, 2018

Present: Eric Gjede, Connecticut Business and Industry Association
Lori Pelletier, Connecticut AFL-CIO
Kathleen Cooper, Greater Hartford Chapter of the Coalition of Black Trade Unionists

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

Meeting was called to order at 11:06A.M. and was held by teleconference.

1. **Welcome/Roll Call:** Ms. Greenslade introduced herself, along with the members who were present, also mentioning the members who were unable to attend. Ms. Greenslade introduced Mildred Huggins, Temporary Executive Secretary, who will take minutes.
2. **Adoption of Minutes:** Ms. Pelletier tabled adoption of the October 2017 minutes due to the fact a quorum was not present.
3. **Update on Operation of the Fund:** Ms. Greenslade asked Ms. Williams to present an update on the Financial Operation of the Fund. Ms. Williams stated, in summary, that the Fund's FY2018 financial statements (for the year ending June 30, 2018) will be published December 2018.

Ms. Williams continued by stating that Total Operating Revenues for 11 months of the Fiscal Year 2018 is \$39 million which is \$2.2 million higher than the prior year.

In addition, Ms. Williams stated that Total Operating Expenses of \$30 million were \$1 million (3%) lower than the prior year with medical claims \$1.2 million lower than last fiscal year and administrative expenses \$500,000 lower than last year. Ms. Williams also noted that settlements were \$500,000 higher than last fiscal year and indemnity payments were \$427,000 higher than the prior year.

Ms. Williams stated the Change in Net Position (the difference between revenue and expenses) for FY18 for 11 months was \$8.8 million – with revenues exceeding expenses. This represented a \$3.1 million increase over last year’s performance due to the audit reimbursement paid by the Fund. The last month of FY2018 is projected to report a loss of \$2.5 million which would put the Fund with an annual Change in Position of over \$6 million for the fiscal year – this will be carried over to cover Operating Expenses.

Ms. Pelletier asked if there were questions regarding the report. Hearing none Ms. Pelletier moved to the next agenda item.

Ms. Greenslade asked Mr. Gaffney to give the Board a Claims Unit update.

Mr. Gaffney reported a continued pattern of claims activity and payout. He indicated that the Fund’s payout this fiscal year is similar to the same period a year ago. The Claims Unit combined payout for FY2018, ending June 30, 2018, is projected at \$26 million, compared to \$26.2 million for the prior fiscal year. Mr. Gaffney indicated that COLA reimbursement payments were surprisingly higher (17%) than FY2017, but that medical payments were significantly lower (20%) than last fiscal year. Mr. Gaffney did note that the decrease in medical payments compared to prior fiscal year was primarily due to the fact that the Fund’s medical payments were abnormally higher the previous year.

Mr. Gaffney reported the continued reduction in the Fund’s estimates to its current level of \$309 million. He noted the overall reduction of the Fund’s estimates since the 1999 level of \$838 million has now exceeded a half billion dollars.

Claim activity was reported as being consistent with prior years. SIF is projecting 620 new claims to be reported this fiscal year, consisting of 75% concurrent employment claims and 25% uninsured employer claims. Current open claim inventory was reported at just above 2,700. Hearing activity is expected to continue at its current level of 230 informal hearings per month to be handled by SIF staff and 70 formal and/or pre-formal hearings to be handled each month by the Office of the Attorney General.

Ms. Pelletier asked if there were any questions on Mr. Gaffney’s report. Hearing none Ms. Pelletier moved to the next agenda item.

4. Legislative Update:

Mr. Gaffney reported that during the 2018 Legislative Session there were no bills that directly impacted the Fund.

5. **Other Business:**

- a. **Treasurer's Assessment Rate Letter** – Ms. Greenslade stated the Treasurer set the Fund's assessment rate on May 1, 2018. The Treasurer decreased the rate, effective July 1, 2018, for insured employers from 2.75% to 2.25%, and concurrently decreased the rate for self-insured employers from 3.25% to 2.75%.
- b. **Annual Report** – Ms. Greenslade stated the Annual Report of Financial Condition of the Fund issued on July 1, 2017 was attached to the agenda. The Fund will be issuing this year's annual report on July 1, 2018. Members of the Board will receive copies of the final report approved by the Treasurer.
- c. **Meeting for October 2018** - Ms. Greenslade recommended the next meeting be changed from October 17, 2018 to October 10, 2018. Ms. Pelletier requested Board members be flexible with the October meeting date, if necessary.

Ms. Pelletier asked members if there was any further business. On behalf of the Advisory Board, Ms. Pelletier thanked the Treasurer and Fund personnel for their continued diligence in the management of the Fund's operations. Ms. Pelletier concluded the meeting.

Meeting adjourned at 11:26 AM.