



Board of County Commissioners - Staff Report

Meeting Date: 6/19/18

Presenter: Alyssa Watkins

Submitting Dept: Administration

Subject: Consideration of a Resolution Regarding a Workers Compensation County Employer Group Preliminary Approval

Statement / Purpose:

To consider a resolution offering preliminary and non-binding support on a startup plan for a collective workers compensation group being developed by the Wyoming County Commissioners' Association in consultation with county and state representatives.

Background / Description (Pros & Cons):

The Wyoming County Commissioners Association (WCCA) first presented to its membership on the idea of workers compensation consolidation in May of 2017. The premise behind the consolidation proposal is that, rather than make premium payments to the state year after year, counties can form a County Employer Group (CEG) and make payments to that entity at the same rate as they would have paid to the state. Because the amount charged to the CEG by the state is lower than the sum total of the amount charged to each individual county, within the CEG the small amount of excess funds collected can be funneled to a self-controlled program with a goal of reinvestment back to the counties. Reinvestment would first take the form of staff support and program development but would eventually also include premium rebates. In this way, counties not only can work individually with added staff support to improve workplace outcomes and costs but can also leverage their collective employment power and staff resources to drive down costs for all counties, large and small.

The intent of the CEG is four-fold:

- 1) To improve outcomes for county employees that help keep them healthy and safe while working, and; connected, recovering, and quickly returning to work if injured.
- 2) To create a mechanism for all counties to benefit from shared professional staff that reduces county employee obligations; results in improved safety programs and claims management that will, over time, drive down the county employee base rate; and to have a single point of contact for further legislative activities to improve the county position.
- 3) To reduce premium liabilities at each county commensurate with each county's own work, injury rates and the collective effort of all counties.
- 4) To establish a revenue stream beyond the costs of operating the CEG for the WCCA that reduces counties' overall dues obligation as a percentage of the budget.

A workers' compensation working group was appointed and has spoken on two conference calls to discuss a potential work plan and evaluate costs/benefits to counties of a consolidated county employee group for workers compensation. The working group evaluated the plan and chose to recommend that it move forward to a next phase of developing specific governance and launch details. The working group members, start-up plan, post CEG launch tasks, and long term CEG goals are described more specifically in the attached memo from the Wyoming County Commissioners Association entitled "Workers' Compensation Consolidation Work Plan."

Counties are being asked to offer preliminary approval for additional plan development via an official resolution of support. Importantly, this approval does not equate to launching of the program or county agreement to join the consolidated plan (that would occur by separate BCC vote at the appropriate time). Rather, this approval indicates preliminary support necessary for the WCCA to continue to expend the time and resources to further develop the following start up plan.



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Stakeholder Analysis & Involvement:

The WCCA has engaged stakeholders (i.e., other counties) across the state on this issue. Teton County Clerk, Sherry Daigle, served as a member of the working group.

Fiscal Impact:

There is no direct cost to Teton County as a result of this approval. WCCA will bear any costs associated with additional plan development.

Staff Impact:

None at this time.

Legal Review:

Gingery

Staff Input / Recommendation:

Staff's recommendation aligns with that of the working group the WCCA Executive Director, to approve the resolution allowing the WCCA to continue to expend the time and resources to further develop the following start up plan.

Attachments:

WCCA memo on Workers Compensation Consolidation Work Plan
County Employer Group Preliminary Approval Resolution

Suggested Motion:

I move to approve the Workers Compensation County Employer Group Preliminary Approval Resolution.

MEMO

To: County Commissioners
From: Pete Obermueller
Date: May 16, 2018
Re: Workers Compensation Consolidation Work Plan



Summary:

The workers compensation working group spoke on two conference calls to discuss a potential work plan and evaluate costs/benefits to counties of a consolidated county employee group for workers compensation. The working group evaluated the plan (called the County Employer Group, or CEG, in this document) and agreed to recommend that it move forward to a next phase of developing specific governance and launch details.

Below is the proposed work plan, and an estimate of county obligations for premiums. Because the consolidated plan is designed to have each individual county pay its own premiums based on that county's individual payroll, discounts and experience ratings – just as it does today – a county's expected CEG premium obligations will be exactly what the state's premium obligations would be for each county. In fact, in the early years we will use the state's own actuarial calculations to determine premium rates. The funding for startup costs and programs of the CEG will come from the surplus created between what each county pays to the CEG in premiums, and what the state bills the CEG for the consolidated premium.

At the end of this document is a spreadsheet of estimated premiums for each county, and the amount of revenue created for CEG startup. Unfortunately, county outcomes continue to decline in this area, and premiums on average are increasing again in FY19.

Purpose:

The purpose of the CEG is four-fold:

- 1) To improve outcomes for county employees that help keep them healthy and safe while working, and; connected, recovering, and quickly returning to work if injured.
- 2) To create a mechanism for all counties to benefit from shared professional staff that reduces county employee obligations; results in improved safety programs and claims management that will, over time, drive down the county employee base rate; and to have a single point of contact for further legislative activities to improve the county position.
- 3) To reduce premium liabilities at each county commensurate with each county's own work, injury rates and the collective effort of all counties.
- 4) To establish a revenue stream beyond the costs of operating the CEG for the WCCA that reduces counties' overall dues obligation as a percentage of the budget.

Working Group Members:

Ed Opella, Natrona County Human Resources
Mark Voss, Laramie County Attorney
Charlotte Terry, Campbell County Human Resources
Gary McLean, Sweetwater County Human Resources
Sherry Daigle, Teton County Clerk
Julie Freese, Fremont County Clerk
Mary Lankford, Sublette County Clerk
Kelsi Overstreet, Platte County Deputy Clerk (*departed, Platte county no longer participating*)
Jake Fulkerson, Park County Commissioner
Fred Frandson, Washakie County Commissioner

Work Plan:

Preliminary approval of work plan: Establish preliminary, non-binding support from all counties on a startup plan for the County Employer Group (CEG). The Working Group recommended, after analyzing this work plan, that this preliminary support should consist of approval by the WCCA Board of Directors, and then an official approval by each county to indicate that work should continue develop a launch plan.

- Preliminary approval should take the form of an official resolution of support. Importantly, this approval does not equate to launching of the program or county agreement to join the consolidated plan. That will occur by separate BoCC vote at the appropriate time. Rather, this vote indicates preliminary support necessary to continue to expend the time and resources to further develop the following start up plan.

Primary Responsibility: WCCA Executive Director agreed to bring these documents to the attention of the WCCA Board, and then, upon approval, draft a letter to each county seeking individual county approval. Further, the Executive Director will travel to any county Commission meeting to discuss in person the work plan if requested and necessary prior to a BoCC action.

Startup Plan

Governance, Staffing, and Premiums

Startup plan will consist of:

- Selection of a Governing Board.
- Established staffing needs, prioritization, and job descriptions for claims analyst and safety coordinator.
- Finalized premium rates for year 1, and estimates for year 2 if available. The proposal under a consolidated plan maintains premium rates as set for each county by the state's actuary. A county's premium will be established the same way it is today: using the county's own payroll, experience modification rating, claims data, and discounts, combined with the currently shared base rate to set the premium for each county. The proposal contemplates that the state continues to set the premium in the near term (2 -5 years).
 - The state also establishes one premium rate billed to CEG using combined payroll, EMR, claims data, and an overall discount combined with the base rate.

- County premium payments are paid to the CEG (managed by the WCCA). The CEG uses the aggregate of 23 county premiums to pay the one premium the state has billed to the CEG. No county pays more or less than what it would have paid to the state under the status quo. (*See attachment on premiums for each county*).
- The surplus between the aggregate of all premiums collected by the CEG, and the payment made to the state by the CEG is retained by the CEG to fund the payroll costs of a claims analyst. Over time, it would also fund safety programs, trainings, CEG and WCCA overhead, and returns to counties in premium rebates.
- Established target range for program and staffing costs, overhead requirements, and premium rebates back to counties over and above any discounts individually earned.

Primary Responsibility: Following preliminary approval by counties, the WCCA staff will continue to work with the working group and/or the new governing body to prepare a launch plan as outlined above to propose to each county for final approval. The WCCA Executive Director will continue to travel to counties to discuss the proposals and fine tune them.

Startup Plan

Safety Programs, Discounts, and Return to Work

The startup plan will consist of:

- Established base-line safety plan for the CEG using existing county safety plans.
 - A CEG Safety plan must meet the Department of Workforce Services criteria to earn a minimum of the 10% discount at the CEG level. A 10% CEG discount is necessary to create a surplus outlined above.
 - Discounts will exist at two levels, the CEG level and the individual county level. Individual county discounts will reduce that county's premium rate. CEG discounts apply only to the CEG and increase the surplus outlined above. (**See Chart 1 below for a visual representation of how discounts apply at the county and CEG level**).
- Designated safety committee at the CEG level necessary to meet Workforce Services minimum guidelines, and to assist CEG staff in establishing safety programs and committees in each individual county.
 - Counties always have the freedom to adopt their own plans that are more stringent and add to their own individual discount rate.
- Short and medium-term goals at CEG to assist all counties on the development of safety programs, compliance, and reporting to create, retain, and grow discounts at both the individual county level and at the CEG.
 - Individual county discounts reduce an individual county's premium. The work and safety plans necessary to earn discounts help to reduce injuries and claims, which in turn reduces the county base rate.
- Short and medium-term goals to develop a collaborative and intentional return-to-work program that gets injured employees back on the job as quickly as possible. High return-to-work rates reduce county liabilities and improves staff satisfaction and retention.

Primary Responsibility: WCCA staff in conjunction with the working group and Department of Workforce Services will propose a minimum plan necessary to earn a 10% discount at the CEG level. Post launch a hired claims analyst and/or safety coordinator will work to improve that plan and establish plans at the county level.

Startup Plan

County Opt-in, MOU

The startup plan will consist of:

- A formal MOU, or other agreed-upon structure that counties would voluntarily adopt to begin CEG launch. An MOU may include the following:
 - Premium rate structure
 - Initial revenue targets that would trigger premium rebates to counties
 - Guidelines for administrative and overhead costs
 - Guidelines on penalties for non-compliance, and failure to create and/or maintain minimum safety programs
 - Guidelines for entry and exit into the CEG
 - Articulated governance structure to allow for ongoing decision-making
- Goal launch during the FY19 year or on July 1 of FY20.

Post CEG Launch Tasks:

- Immediately hire qualified claims analyst and explore potential partnerships with LGLP and WARM on safety program coordinator.
- Institute and improve claims management, reporting, and post injury follow-up.
- Launch, solidify and enhance safety programs across counties.
- Solidify and maintain CEG discounts to ensure program staff and reinvestment to counties are funded exclusively by surplus monies, not new money.

Long Term CEG Goals:

- Increase outcomes for on-time reporting and after-injury claims management to reduce county liability and increase return to work.
- Significantly improve filed claims status and clear backlog of claims of concern with the goal to reduce the county base rate, increase county discounts, and provide premium rebates.
- Build an internal claims management system that can seamlessly interface with the state system to streamline claims management.
- Produce a non-dues revenue stream for the county association by providing a service of value to each county and its employees.

Staff Recommendation: Counties have a unique opportunity to apply dollars already spent on premiums to a program of value. Unlike other employers, counties can take some control over their destiny on workers compensation mandated costs. Counties not only can work individually with added staff support to improve workplace outcomes and costs but can leverage their collective employment power and staff resources to drive down costs for all counties, large and small.

Rather than send 100% of premium payments to the state year after year, counties can collectively carve off a tiny portion of the premium they would have paid anyway to a self-controlled program with a goal of reinvestment back to the counties. Reinvestment will first take the form of staff support and program development but will eventually also include premium rebates. While I continue to actively look for a downside, I've yet to discover one. My recommendation is that all counties offer preliminary support to the project so that work may continue. I'm pleased to add to my recommendation the approval in concept of the working group outlined above.

Estimated Premiums for All Counties and for CEG

The following table illustrates estimated premiums for each county in FY18 and FY19. Differences in column three are indicated in red for increased premiums next fiscal year, and in black for decreased premiums.

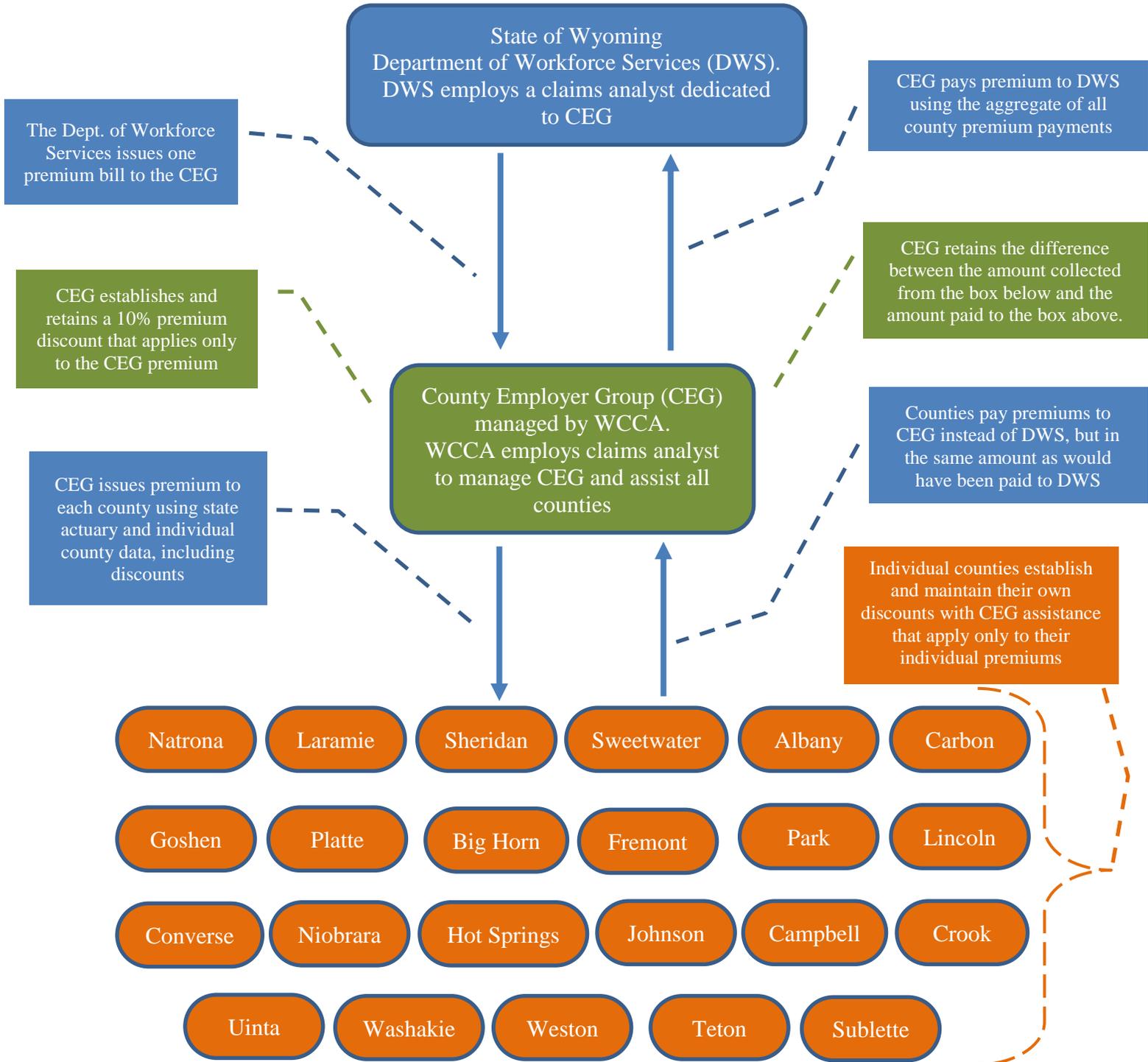
Table 1: FY18 and FY19 estimated premiums for each county, and total surplus available to CEG with 10% discount.

County	FY18 Estimated Premium Paid to State	FY19 Estimated Premium Paid to State	Difference from FY18
Albany	\$76,651	\$85,787	\$9,137
Big Horn	\$127,663	\$170,280	\$42,617
Campbell	\$397,056	\$474,675	\$77,619
Carbon	\$169,453	\$202,066	\$32,613
Converse	\$56,567	\$80,369	\$23,802
Crook	\$35,795	\$36,269	\$474
Fremont	\$299,458	\$230,953	\$68,505
Goshen	\$66,248	\$43,688	\$22,560
Hot Springs	\$73,099	\$52,512	\$20,587
Johnson	\$63,020	\$77,832	\$14,812
Laramie	\$393,026	\$356,437	\$36,589
Lincoln	\$141,719	\$200,456	\$58,737
Natrona	\$565,315	\$530,711	\$34,605
Niobrara	\$29,217	\$30,661	\$1,444
Park	\$165,579	\$152,119	\$13,460
Platte	\$98,183	\$107,944	\$9,760
Sheridan	\$62,260	\$129,986	\$67,726
Sublette	\$188,545	\$199,433	\$10,888
Sweetwater	\$345,149	\$406,623	\$61,474
Teton	\$687,486	\$636,934	\$50,553
Uinta	\$141,608	\$96,564	\$45,044
Washakie	\$55,821	\$80,282	\$24,461
Weston	\$36,870	\$32,112	\$4,758
Total Aggregate Premium	\$4,275,788	\$4,414,692	\$138,903
Total Premium billed to CEG assuming 10% discount	\$3,990,113	\$4,269,017	
Total surplus available to launch/operate CEG	\$285,675	\$145,675	

Visual Representation of Organizational Chart, Discounts and Premiums

The consolidated concept puts a layer between individual counties and the State, called the CEG. The state no longer views the 23 counties as individual employers, but rather the CEG as one large employer. Premiums and discounts exist at each layer, and both serve to improve the other and reduce costs for all.

Chart 1: CEG organizational structure, premium and discount applications



RESOLUTION # _____
Teton County Board of County Commissioners
Teton County, Wyoming

(County Employer Group Preliminary Approval)

WHEREAS, Wyoming Statute § 27-14-101 establishes a mandatory workers compensation system for all eligible employees, including county employees; and

WHEREAS, Wyoming Statute § 27-14-109 authorizes counties to “establish a collective system to report payroll, pay premiums, process injury reports, manage claims and provide other services” for purposes of county employee workers compensation; and

WHEREAS, Wyoming Statute § 18-3-522 authorizes counties to “cooperate with associations and organizations of other counties or county officials within or without this state for the furtherance of good government and the protection of county interests;” and

WHEREAS, Counties in Wyoming collectively employ thousands of Wyoming residents who, in their respective departments engage in substantially similar work; and

WHEREAS, Counties in Wyoming collectively pay over \$4 million dollars annually in workers compensation premiums; and

WHEREAS, Teton County desires to develop a collective system of employees for purposes of reducing premium costs and improving worker safety

NOW, THEREFORE, BE IT RESOLVED THAT the Teton County Board of County Commissioners does hereby adopt the following preliminary approval of a collective workers compensation work plan developed by the Wyoming County Commissioners Association in consultation with county and state representatives, and directs the Wyoming County Commissioners Association and appropriate county staff to further develop a work plan that establishes the following:

- A governing board or guidelines for the appointment of a governing board
- Staffing requirements and estimates of costs for staffing
- Premium rate estimates and proposed targets for premium rebates
- Proposal for base-line safety program to establish minimum discounts
- Proposal for interaction between the counties, the collective group, and the state to manage claims
- Proposal for the formal adoption of a collective account that includes a process for decision-making on entry and exit, failure of individual counties to create/sustain safety programs, and other future decision making.

BE IT FURTHER RESOLVED that adoption of this preliminary approval does not obligate the Teton County Board of County Commissioners to approve a final work plan, or to join the collective account.

PASSED, APPROVED, AND ADOPTED THIS 19th DAY OF JUNE, 2018.

BOARD OF COUNTY COMMISSIONERS
TETON COUNTY

Mark Newcomb, Chairman

(Seal)

Attest:

Sherry L. Daigle, Teton County Clerk