

Approved May 1, 2024

**CALIFORNIA HOUSING WORKERS' COMPENSATION AUTHORITY  
(CHWCA)**

**MINUTES OF THE EXECUTIVE COMMITTEE  
MEETING OF DECEMBER 6, 2023**

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A regular meeting of the Executive Committee was held on December 6, 2023, via Zoom Videoconference.

**MEMBERS PRESENT:** Ken Kugler, President  
Tulare Housing Authority  
Gustavo Becerra, Vice President  
Regional Housing Authority  
Cheryl Churchill, Treasurer  
Eureka City/Humboldt County Housing Authority  
Jeff Cardell  
Fresno Housing Authority  
Jennifer Dawson (*Left at Agenda Item 10.B*)  
San Bernardino County Housing Authority  
Rob Fredericks  
City of Santa Barbara Housing Authority  
Susana Jackson (*Left at Agenda Item 9.B*)  
Sacramento Housing and Redevelopment Agency

**MEMBERS ABSENT:** None.

**OTHERS PRESENT:** Rob Kramer, Executive Director  
Yahaira Velasquez, Assistant Executive Director  
Katie Sullivan, Board Secretary  
Jackie Miller, Workers' Compensation Program Manager  
Tony Pasquarello, Finance Manager  
Ignacio Barrios, Risk Control Manager  
Julia Lew, Esq., Board Counsel  
McCormick, Kabot, and Lew  
Becky Richard (*Left after Agenda Item 10.A*)  
Bickmore Actuarial  
Daniel Shaw (*Left after Agenda Item 10.A*)  
Bickmore Actuarial

**1. CALL TO ORDER**

Ken Kugler, President, called the meeting to order at 9:44 a.m.

## **2. INTRODUCTIONS**

Introductions were made and it was determined there was a quorum present.

## **3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

A request was made to move Agenda Item 10.A: Presentation of the 2024 Actuarial Study to after Agenda Item 5. Consent Calendar.

**Jeff Cardell moved to approve the agenda as amended. Rob Fredericks seconded the motion. A roll call vote was taken, and the motion passed unanimously by Ken Kugler, Gustavo Becerra, Cheryl Churchill, Jeff Cardell, Jennifer Dawson, Rob Fredericks, and Susana Jackson.**

## **4. PUBLIC COMMENTS**

None.

## **5. CONSENT CALENDAR**

**Jeff Cardell moved to approve the Consent Calendar; Cheryl Churchill seconded the motion. A roll call vote was taken, and the motion passed unanimously by Ken Kugler, Gustavo Becerra, Cheryl Churchill, Jeff Cardell, Jennifer Dawson, Rob Fredericks, and Susana Jackson.**

## **10. FINANCIAL MATTERS**

### **A. Presentation of the 2024 Actuarial Study**

Becky Richard and Daniel Shaw, Bickmore Actuarial, were present to review the 2024 Actuarial Study with the Executive Committee.

Ms. Richard reviewed the report attached to the agenda, stating the report is comprised of two components: part one is a review of estimates of the claims liabilities of the CHWCA program as of December 31, 2023, and part two of the study is a loss forecasting analysis to determine the appropriate contribution rates for the CHWCA program in the 2024 program year.

The estimated claims liabilities, discounted, are projected to increase by \$573,000, and are now projected to be \$15.5 million as of December 31, 2023. The estimated claims liabilities include claim reserves (known claims), actuarial projected claims incurred but not reported (IBNR), and Unallocated Loss Adjustment Expenses (ULAE). The 2023 program year ultimate loss, in the amount of \$3.9 million, was added to the outstanding liabilities for the year. However, the overall increase in liabilities is favorable as the claims have developed favorably over the actuarial estimates.

Ms. Richard also reviewed the contribution rate portion of the study noting the rates are utilized to determine member premiums in the 2024 proposed budget within the \$250,000 primary pooled layer. She stated the rate at an 80% confidence level and 2% discount factor for 2024 is 1.81, a slight increase from last year's rate of 1.78. Rates using a 3% discount factor were also provided; the rate is 1.74 with an 80% confidence level.

**Rob Fredericks moved to receive and file the 2024 Actuarial Study. Jeff Cardell seconded the motion. A roll call vote was taken, and the motion passed unanimously by Ken Kugler, Gustavo Becerra, Cheryl Churchill, Jeff Cardell, Jennifer Dawson, Rob Fredericks, and Susana Jackson.**

## **6. JPA ADMINISTRATION**

### **A. Consideration of Proposals Received in Response to the Claims Administrator Request for Proposal**

At the Annual Board of Directors Meeting and Workshop in May 2023, the Executive Committee formed an Ad Hoc Committee comprised of Ken Kugler, Jeff Cardell, and Jennifer Dawson, to work with Julia Lew, Board Counsel, to disseminate a Request for Proposal (RFP) for Claims Administration services. The Ad Hoc Committee developed and disseminated the RFP across various platforms including CHWCA's website, Fresno Housing's website, and notifications were sent through social media.

Ms. Lew informed the Committee the Ad Hoc Committee agreed to a uniform points system for evaluating the proposals. The maximum points for each category, noted on a template developed by the Ad Hoc Committee, were as follows:

- Pricing – 15 points
- Experience – 20 points
- Staff Assignment – 15 points
- Nurse Triage – 5 points
- Online Claims System – 15 points
- RFP Sufficiency – 5 points

Five responses were received from the following: Innovative Claims Solution (ICS), Acclamation Insurance Management Services (AIMS), Athens, Tristar, and LWP Solutions. Two proposals, Tristar and LWP Solutions, did not include the requested Housing of Urban Development (HUD) forms and certificates. The Ad Hoc Committee decided that all five would be ranked notwithstanding the two that had technical "non-responsive" issues due to lack of submitting all of the required elements, but that the five points allowed for sufficiency would be considered "all or nothing" points. Additionally, any failure to answer questions or provide requested information could be factored into the other categories if relevant.

Ms. Lew informed the Committee one Ad Hoc Committee member fell ill and was unable to provide an evaluation; however, the other committee member's scores for each submission were totaled, providing the following results:

- ICS – 140 points
- AIMS – 134 points
- Athens – 133 points
- Tristar – 119 points
- LWP Solutions – 115 points

Ms. Lew confirmed the recommendation of the Ad Hoc Committee to the Executive Committee was to select ICS and approve a new contract. She noted ICS provided two pricing proposals based off overall claim volume and each had pricing ranges to include annual increases over five years.

The Committee reviewed both pricing proposals and after a brief discussion, they decided to move forward with the higher priced proposal that stipulated examiner caseloads would not exceed 125 open indemnity and future medical claims to provide more efficient claims handling to the membership. Staff and Board Counsel were directed to negotiate and execute a contract with ICS.

**Jeff Cardell moved to select Innovative Claims Solutions for Claims Administration and to authorize staff to execute a contract based off of the selected pricing proposal. Gustavo Becerra seconded the motion. A roll call vote was taken, and the motion passed unanimously by Ken Kugler, Gustavo Becerra, Cheryl Churchill, Jeff Cardell, Jennifer Dawson, Rob Fredericks, and Susana Jackson.**

#### **B. Discussion Regarding Actuarial Services Contract**

Yahaira Velasquez, Assistant Executive Director, informed the Committee CHWCA has had a multi-year contract in place with Bickmore Actuarial since 2019. This contract is set to expire in June 2024 and staff was seeking direction from the Committee on whether to request a renewal from Bickmore Actuarial or to issue an RFP for actuarial services.

Historic pricing from Bickmore Actuarial was briefly reviewed. In response to a question, Ms. Velasquez stated there was no expectation for Bickmore Actuarial to substantially increase their fees and agreed to negotiate the contract price. Upon discussing, staff was directed to negotiate another five-year term with the same \$100 year over year increase with Bickmore Actuarial.

**Jeff Cardell moved to direct staff to negotiate a five-year contract renewal with Bickmore Actuarial. Rob Fredericks seconded the motion. A roll call vote was taken, and the motion passed unanimously by Ken Kugler, Gustavo Becerra, Cheryl Churchill, Jeff Cardell, Jennifer Dawson, Rob Fredericks, and Susana Jackson.**

### **C. Consideration of the 2024 Memorandum of Coverage**

Ms. Velasquez reminded the Committee each year they are tasked with reviewing and approving CHWCA's Memorandum of Coverage (MOC) for the upcoming program year. She reviewed the proposed changes as follows:

- Updates to the program year dates and minor clean up, such as formatting, punctuation, etc. throughout the MOC.
- Part One, Section H: removing a reference to the Authority's Pooled Workers' Compensation Program Master Document since CHWCA does not have one in place.
- Part Two, Section A: updating the reference to "coverage provider" rather than "insurance carrier" to capture a broader term that would apply to a JPA and an insurance carrier.
- Part Six, Section A: updating language to reflect the current practice of electronically providing the MOC to members rather than via mail.

Ms. Velasquez noted no changes were made to the MOC to reflect any updates to the "occurrence" language at this time. She reminded the Committee the Local Agency Workers' Compensation Excess (LAWCX) JPA, CHWCA's excess provider, and the Public Risk Innovation, Solutions, and Management (PRISM), changed the definition of an "occurrence" within their MOCs; however, there were too many questions requiring answers CHWCA needed before adopting the same changes to align with their MOCs. Ultimately, the changes made by the excess coverage providers do not negatively impact CHWCA's layer since dollar one coverage is provided.

Additionally, Ms. Velasquez informed the Committee a member raised a concern regarding CHWCA's current language within the MOC surrounding coverage for out-of-state employees. The member felt further clarification and memorialization within CHWCA's documents, or through a memorandum from staff and Board Counsel, was needed to outline how the current coverage applies and how claims from out-of-state employees would be handled.

Jackie Miller, Workers' Compensation Program Manager, explained the inquiry centered around the specific member's desire to not have to purchase workers' compensation coverage in another state if CHWCA would be providing coverage. Ms. Miller confirmed while California benefits for CHWCA employees who live out of state do exist, other states have different requirements regarding workers' compensation coverage and these cases would be handled on a case-by-case basis. The intention of the original language in the MOC was to state that CHWCA provides California coverage to out of state workers, but that is dependent on the laws of state the employee resides in and how that state determines employer provided coverage. Therefore, the state the employee resides in would be the primary provider for workers' compensation coverage and CHWCA would only be financially responsible for the difference, if one exists, from that state's benefits and what the employee would be eligible in California.

After discussion, Ms. Lew provided the Committee with recommended changes to Sections E and F of the MOC to further clarify the language regarding how and when CHWCA's coverage would apply for out-of-state employees.

**Jeff Cardell moved to approve the 2024 Memorandum of Coverage with recommended changes in Sections E and F, and the 2024 Declarations Page. Ken Kugler seconded the motion. A roll call vote was taken, and the motion passed unanimously by Ken Kugler, Gustavo Becerra, Cheryl Churchill, Jeff Cardell, Jennifer Dawson, Rob Fredericks, and Susana Jackson.**

**D. Consideration of Updates to the Travel & Expense Reimbursement Policy**

CHWCA's Resolution No: 2010-02: Travel and Expense Reimbursement Policy (Policy) was established to define what costs CHWCA would reimburse for travel expenses while on CHWCA business.

Ms. Velasquez reminded the Committee that staff presented an updated policy to align with current practices at their August 2023 meeting and after discussing at that meeting, the Committee agreed with most of the updates, but directed staff to make the following changes to Section 8 of the policy:

- Keeping the reference to GSA rates to establish the maximum amounts reimbursable for meals as costs vary by region as well as over time due to inflation.
- Adding language that states members may be reimbursed for actual costs as long as they are reasonable, and the member can produce receipts.

**Jeff Cardell moved to approve Resolution No. 2023-02: Establishing CHWCA's Travel Expense Policy. Cheryl Churchill seconded the motion. A roll call vote was taken, and the motion passed unanimously by Ken Kugler, Gustavo Becerra, Cheryl Churchill, Jeff Cardell, Jennifer Dawson, Rob Fredericks, and Susana Jackson.**

**7. WORKERS' COMPENSATION**

**A. LAWCX Program Update**

CHWCA obtains workers' compensation excess coverage from LAWCX with a self-insured retention of \$750,000 per occurrence. Gustavo Becerra, Regional Housing Authority and Alternate LAWCX Board Representative from CHWCA, and Ms. Velasquez attended the most recent LAWCX Strategic Planning and Board of Directors meeting held November 6-7, 2023. Ms. Velasquez reviewed the following highlights from the meetings:

- Per CHWCA's request to obtain a position paper from LAWCX regarding the changes surrounding the definition of "occurrence," the Board directed

staff to provide a written response to CHWCA regarding the changes, as well as what further changes are anticipated.

- The draft Actuarial Study for the 2024/25 Program Year was reviewed and the Board approved continuing to fund at the 80% confidence level and increased the discount factor to 3% with unpaid claims being discounted 2%.
- The Public Risk Captive of California (PRCC) went through its first year of regulatory filings. The net position increased, which is important as regulators review the net position to ensure the captive has enough funds to cover the cost of claims.
- The First Responders Resiliency Program was approved with a \$60,000 fund to assist members with the cost of accessing training services from this program. The \$60,000 in the budget will only be allocated to members with safety payroll on a first-come, first-serve basis. CHWCA will not pay into this program as CHWCA does not have safety payroll.
- Audited Financial Statements were approved and the target equity and funding levels for the pools were also reviewed.

## **B. Legislative Update**

Ms. Miller provided an update on the status of bills impacting CHWCA as follows:

- **AB 1213 Temporary Disability Extension/IMR Decision**  
Introduced 2/16/2023, AB 1213 proposes to exclude any Temporary Disability (TD) payments made during a dispute regarding medical treatment that is overturned by the Independent Medical Review (IMR) process.

For the majority of workers' compensation claims, there is a cap of 104 weeks of TD benefits payable. AB 1213 will exclude any TD paid from this cap if they occur during a medical dispute resolved by IMR in overturning a Utilization Review (UR) denial. In 2012, SB 863 implemented the IMR process for disputes regarding medical care. Information obtained from the Department of Industrial Relations (DIR) regarding the 2021 IMR decisions showed 7.2% of UR decisions were overturned by IMR, of 136,828 applicable reviews.

The recent amendment establishes a sunset date of January 1, 2027.

CAJPA is in strong opposition to this bill as it applies financial penalties to employers despite following state mandated Utilization Review guidelines.

Status – Vetoed by Governor

- **SB 631 Gender Benefit Disparity Study**

Introduced 2/16/23, SB 631 would require a study through UC Berkeley to evaluate the disparity in workers' compensation benefits between genders. The evaluation would include rates of denial of benefits and compensation paid by gender in different occupations.

The 2021-2022 session saw SB 1458, which proposed to increase the average weekly wage calculation for determining benefits based on the "percentage of disparity in earnings" between genders. This bill did not make it out of the Appropriations Committee and failed to proceed.

Status – Held in Assembly Appropriations Committee

## **8. CLOSED SESSION**

A. The Committee convened to closed session, pursuant to Government Code section 54956.95(a) at 11:08 a.m. to discuss the following claim:

- Villalobos v. San Diego Housing Commission

B. Pursuant to Government Code Section 54957.1, the Committee reconvened to open session at 11:13 a.m. The following actions were taken under closed session:

*No reportable action was taken during closed session.*

## **9. RISK CONTROL**

### **A. Risk Management Committee Status Report**

Ignacio Barrios, Risk Control Manager, provided the following update from the Risk Management Committee meeting, held on December 5, 2023:

- Selection of the 2023 Safety Award Recipients  
The winner of the Most Outstanding Employee submission was from Sacramento Housing and Redevelopment Agency. The winner of the Most Outstanding Agency submission was the Santa Clara County Housing Authority.
- Consideration of the Proposed 2024 Risk Control Plan  
The 2024 Risk Control Service Plan includes many of the same elements as the 2023 Risk Control Service Plan; however, it also includes the Job Hazard Analysis (JHA) which would be highly encouraged for the top six loss leaders in CHWCA.
- Discussion Regarding 2024 Lunch and Learn Topics  
The topic for the 2024 Lunch and Learn will center around management of employee stress and overload. This topic was recommended by Ms. Miller due to an increase in employee stress claims.



- Discussion Regarding the 2024 Webinar Series  
Staff was directed to use the proposed Lunch and Learn topics to create webinars for front line employees to attend.

## **B. CHWCA Risk Control Service Plan for 2024**

Annually, the Risk Management Committee reviews and provides direction and feedback for the Risk Control Service Plan for the upcoming program year. Once the plan has been reviewed, it is then presented to the Executive Committee for formal approval.

Mr. Barrios reminded the Committee the Risk Control Service Plan is designed to provide members with assistance in complying with Cal/OSHA requirements and industry best practices. The goal is to improve employee safety, reduce loss, and respond to individual member requests.

The proposed plan includes three days for customized risk control services to each member including on-site and virtual training, program review and development, hazard inspections, ergonomic evaluations, unlimited access to the Sedgwick Risk Control website, and unlimited phone and email consultations. The plan also includes continuation of the “Cash for Culture” Safety Award Program and the Virtual Safety Manager (VSM) Program.

Mr. Barrios provided an overview of a new service offering in the 2024 Risk Control Plan, the Job Hazard Analysis (JHA). The JHA provides in-person evaluation and analysis of maintenance and administrative operations to identify hazards or opportunities for ergonomic improvement. Staff plans to utilize CHWCA loss runs to identify the top six loss leaders and recommend utilization of the JHA to those members first.

**Jeff Cardell moved to approve the 2024 Risk Control Plan, as proposed. Rob Fredericks seconded the motion. A roll call vote was taken, and the motion passed unanimously by Ken Kugler, Gustavo Becerra, Cheryl Churchill, Jeff Cardell, Jennifer Dawson, and Rob Fredericks.**

## **10. FINANCIAL MATTERS**

### **B. Consideration of the 2024 Operating Budget**

Annually, the proposed Operating Budget for the upcoming program year is presented and discussed at the fall Executive Committee meeting. The draft Operating Budget for the 2024 Program Year features funding the \$250,000 primary pool at the 80% confidence level using a 2% discount factor, which are the same parameters used in the 2023 Operating Budget.

Tony Pasquarello, Finance Manager, informed the Committee the 2024 Proposed Budget made the following assumptions:

- Coverage for pooled losses is from \$1 - \$250,000.
- Mid-Layer Pools (MLPs) with coverages from \$250,000-\$750,000 are funded from dividends.
- Excess coverage is provided through LAWCX and PRISM and covers losses from \$750,000 up to statutory limits.
- Estimated payroll is inflated by an additional 4% over prior year actuals.
- Payroll assumptions reflect a 5.9% increase over last year's budgeted payroll assumptions.
- Experience modifications (ex-mods) are calculated using the following parameters:
  - Five-year range of payroll and loss data to determine both expected and actual losses.
  - Individual losses capped at \$100,000.
  - Credibility factor based on the experience of the entire pool.
  - A minimum ex-mod factor of .75 and a maximum of 1.5.
  - Changes in ex-mods from prior year capped at .25.

Mr. Pasquarello reminded the Committee at the May 4, 2023, Board of Directors meeting, the Board approved a change to the annual contribution formula process that is reflective of a more common pooling contribution calculation methodology. The new contribution method switches from using annual Workers' Compensation Insurance Rating Bureau of California (WCIRB) class code relatively factors to determine CHWCA's pool loss funding rate to having one singular actuarially pooled rate, multiplied by the total payroll, and multiplied by the member ex-mod based on CHWCA's five-year actual loss experience. He noted the Board's desire to keep member contributions stable over the next 3-5 years following the contribution methodology change and requested contributions be capped with a not to exceed 15% increase/decrease from the prior year.

Mr. Pasquarello reviewed additional cost components that make up the 2024 Proposed Budget, as follows:

- A 9.3% increase in overall loss funding compared to prior year's budget.
- A 32.3% or \$297,506 increase in excess coverage over the prior year's budgeted expense, and a 14.5% or \$142,714 increase over 2023's actual expense.
- Claims servicing fee increased by 3% over prior year's budget.
- Early indication by the DIR was to budget \$119,447; however, staff received the invoice after disseminating the draft budget, so this will be updated to reflect the \$110,000, per the invoice.
- A 3.5% increase in Program Administration fees.
- A \$500 estimated increase in financial auditing fees and a \$100 estimated increase in actuarial services fees.

Mr. Pasquarello also discussed two potential major changes to the Proposed Budget that staff was asked to review:

- The calculation of the budget using a 3% discount factor, at the 80% confidence level. In comparison against the 2% discount factor, there was a decrease of \$138,000 using the 3% discount factor in pooled losses, a decrease of \$41,489 in capped losses and capped premium, with a \$.07 decrease per \$100 payroll. Ultimately, staff's recommendation was to remain at the 2% discount factor.
- Increasing CHWCA's attachment to LAWCX from \$750,000 to \$1 million would involve increasing CHWCA's primary pool from \$250,000 to \$500,000 and funding the MLPs from \$500,000 to \$750,000 and \$750,000 to \$1 million. Mr. Pasquarello's analysis showed that over the past ten years, CHWCA would have benefited from having a \$1million attachment to LAWCX as CHWCA rarely has any claims that exceed \$750,000. However, due to the change in contribution methodology taking effect for 2024, members will be seeing significant changes to their contributions, so staff's recommendation was to hold off and reconsider increasing the attachment point to LAWCX for the 2025 Program Year.

Mr. Pasquarello reviewed the payroll assumption aspect of the Proposed Budget, stating payroll for 2023 came in at a 3% increase; therefore, the estimated payroll increase for 2024 was calculated at 4%. An inquiry was made if the estimated payroll could be assumed at a 3.5% increase instead to which Mr. Kramer advised the Committee could make that change; however, at the end of the year during the true-up process, payroll gets adjusted based off actual numbers. Decreasing the estimated payroll percentage at the beginning of the year would only change what CHWCA collects up front from members.

**Jeff Cardell moved to approve the 2024 Proposed Budget at the 80% Confidence Level, using a 2% discount factor, and modifying payroll assumption to 3.5%. Gustavo Becerra seconded the motion. A roll call vote was taken, and the motion passed unanimously by Ken Kugler, Gustavo Becerra, Cheryl Churchill, Jeff Cardell, and Rob Fredericks.**

## **11. EXECUTIVE DIRECTOR'S REPORT**

### **A. Report from CHWCA's Executive Director**

Ms. Velasquez informed the Committee staff will begin a thorough review of CHWCA's governing documents in preparation of the upcoming California Association of Joint Powers Authorities (CAJPA) Accreditation in 2024.

Mr. Kramer added staff continues to experience quorum and other issues with the Risk Management Committee and requested staff be contacted with any potential candidates who might be interested in joining. Katie Sullivan, Board Secretary,

clarified there are currently seven members serving on the Risk Management Committee and the cap for participation is twelve members. Participation on the Risk Management Committee is done by Presidential appointment, so it would not require the Executive Committee or Board of Directors to meet to appoint new members to the Risk Management Committee.

Mr. Kramer concluded with confirmation that staff will be working on better disseminating risk control communications to the members, including training and webinar announcements and safety award program submission reminders.

## **12. CLOSING COMMENTS**

### **A. Executive Committee**

The Executive Committee thanked staff for all their hard work and wished everyone happy holidays.

### **B. Staff**

Staff thanked the Committee for their participation.

## **13. ADJOURNMENT:**

By consensus, the December 6, 2023, CHWCA Executive Committee meeting adjourned at 12:27 p.m.



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Katie Sullivan, Board Secretary