



**Nevada Public Agency Insurance Pool
Public Agency Compensation Trust**
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**Minutes of Joint Meeting of the Executive Committees of
Nevada Public Agency Insurance Pool and for Public Agency Compensation Trust
Date: April 21, 2008**

1. Roll

Members Present: Alan Kalt, Mike Rebaleati, Dan Newell, Mike Tourin, Paul Johnson, Claudette Springmeyer, Cash Minor, Marilou Walling, Steve West, Toni Inserra, Lisa Jones, Roger Mancebo, Mike Pennacchio
Members Absent: Jeff Zander
Others Present: Wayne Carlson, Doug Smith, Joe Woods, Ann Wiswell, Debra Connally, Bob Lombard

**2. Action Item: Approval of Minutes of Meetings:
a. Joint Executive Committee of March 11, 2008**

On motion and second to approve the minutes, the motion carried.

**3. Action Item: Approval of Prospective Members
a. POOL – Pahranaagat Valley Fire District
b. PACT – Pahranaagat Valley Fire District**

Wayne Carlson explained that this fire district was part of Lincoln County's membership and they wanted to split out as a separate member.

On motion and second to approve membership in POOL and PACT, the motion carried.

4. Action Item: Select POOL and PACT Program Renewal Options

Bob Lombard reviewed the POOL options, correcting several figures on the exhibits due to corrupted formulas in the spreadsheet. He reviewed the current year program projecting premiums based upon the renewal exposure basis, then compared them to the renewal quote with the current reinsurance partners. Wayne Carlson and Doug Smith discussed the pricing from Public Risk Mutual, the POOL's captive, had increased for both property and liability due to the recent large losses in both categories.

Bob reviewed the optional quotation from Ace for a portion of the liability attaching at \$2,250,000 at a premium \$100,000 less than the current reinsurer (MARF) and some of his concerns about the pricing. Others commented regarding whether the pricing would be stable over time or just an attempt to buy business. Bob noted that the CRL/AIG liability quote option had not yet been received, but that it was expected to be somewhere in between the Ace and MARF figures.

Bob noted that the property program with Lloyds remained at a flat renewal price even though the property values increased over 11%, hence an effective reduction even after the recent Wells earthquake.

In response to a question regarding the overall impact of the rate changes, Wayne commented that the effect was about a 5% increase in premiums, but he felt that POOL could absorb the increase and not pass it through to the members.

Discussion ensued about which options to recommend to the board. On motion and second to recommend Option 1 (renewal with current reinsurance partners with current structure), but to show the board all options once received, the motion carried.

Regarding the PACT renewal, Bob Lombard reviewed the options and pricing from Midwest Employers Casualty Company (MECC), noting that the option for a \$3,000,000 attachment point had not been requested and would leave a gap for PACT or Public Compensation Mutual (PCM) (PACT's captive) to consider filling. Doug Smith commented that he did not think PCM should consider this option at this time due to no time to gather pricing from the actuary and

the savings proposed did not seem realistic at this time. MECC's pricing came down 5%, but their aggregate attachment point increased. County Reinsurance (CRL) increased their pricing by \$110,000 (35%) due to group rate increases and due to the PACT specific experience loadings. PCM's pricing came down slightly. Wayne Carlson commented that the overall pricing effect was a 10.7% increase without regard to the additional \$38,173 equity contribution. Doug Smith commented that PACT had equity in CRL since it was a captive insurance company owned by POOL and PACT among other pools. Wayne indicated that no change in the PACT rates would occur this year and the increase would be absorbed by the current rates.

Discussion ensued about which options to recommend to the board. On motion and second to recommend Option 1 (renewal with current reinsurance partners with current structure), but to show the board all options, the motion carried.

5. Action Item: Authorize Executive Director to Accept and Approve Assignment of Maximus Agreement for Disaster Recovery Services or a New Agreement with the Successor Organization to Provide the Same Services

Wayne Carlson explained that subsequent to the Joint Executive Committee approval on March 11, 2008 to utilize Maximus to assist the City of Wells with non-insured disaster recovery services, Jerry Quinn of Maximus had informed him that Maximus planned to exit this business and that he was in the process of forming his own company and either would take over the existing contract by assignment or write a new contract with the POOL. Wayne asked for approval to execute the appropriate agreements once finalized.

On motion and second to authorize the Executive Director to negotiate the agreement and to execute it not to exceed the same amount of \$58,361 in the current agreement, the motion carried.

6. Action Item: Review Optional Proposal from Alternative Service Concepts for PACT Claims Services and Approval of Pilot Program

Wayne Carlson reminded the committee that they had approved a one-year extension of the ASC contract in order to study options such as going in-house. Subsequent to that meeting, he and Bob Bennett, President of ASC, had discussed options for PACT that ASC had been considering. Wayne said he and Bob talked about a conceptual proposal at the AGRiP conference in Phoenix and Bob had sent a written conceptual proposal that Wayne had distributed along with some questions and answers to the committee prior to this meeting. He then invited Bob to further discuss his proposal.

Bob Bennett indicated that when he received word about the possible in-house study, he saw that he needed to step up his efforts to finalize an arrangement he had been working on with SpecialtyHealth as described ultimately in the conceptual proposal. He noted that the date of injury to report to ASC, while improved between the employer and ASC to 4 days, remained near 12 days overall. He believes that the proposed services can reduce the overall reporting lag to a couple of days. He has found in his own studies that shorter lag times have the effect of reducing potential claims costs for both medical and indemnity. He indicated that ASC and SpecialtyHealth needed to further refine the business processes before requesting approval for a pilot program, but that he anticipated being able to present a pilot program proposal at no cost to PACT with a few weeks. He explained that the physician advisor element of the program was unique to SpecialtyHealth and that if tied to earlier reporting and adjusting would result in significant improvement in results.

Wayne Carlson asked Bob to explain how ASC's proposed nurse triage differs from the nurse first call approach. Bob Bennett said that the purpose of the nurse triage in ASC's proposal was to identify "red flag" cases that may call for physician review due to prior medical history, injury type, etc. He said they needed to further define what constituted a "red flag" by having his staff and SpecialtyHealth work together to do so. He said there would be no change in the current case management approach ASC is using with SpecialtyHealth.

Bob went on to explain an education program they conducted with a city client in which they trained first line supervisors on all shifts about injury reporting protocols, provided a card system including pharmaceuticals so that billing was clear and not routed through third party billing systems at higher costs. He said that some of their efforts would help with the return to work efforts by preventing lost time claims, but also that he would be willing to participate in PACT's efforts.

Alan Kalt commented about the success of the non-profit efforts POOL/PACT had made via a grant program for human resources and how that had prompted consideration of alternatives to current contracts, whether ASC or other vendors, but that he valued the relationship and services provided by ASC and appreciated the efforts presented. He noted that no action was necessary on this item since the proposal is not finalized at this time.

7. **Action Item:** **Approval of Matching Grant Funds for FEMA Disaster Grant to Develop a Statewide Unreinforced Masonry Building Inventory**

Wayne Carlson explained that as a member of the Nevada Earthquake Safety Council, he had been working on a project to identify unreinforced masonry (URM) buildings throughout Nevada. At the last NESC meeting, DEM approached him about a grant from the Fernley flood FEMA funds that are set aside for special projects to use to further the URM identification effort. Wayne commented that the NESC had attempted to get Legislative funding, but the bill was defeated due to fiscal impact since several Assessors thought they had to do a physical inventory. He indicated that he had learned from ADS that they can provide an electronic inventory and has received data from the University System and NDOT in electronic form. He said that Maximus provided electronic data on the POOL members' buildings. Wayne further explained that the FEMA grant funds for this purpose would be \$33,797 and requires a matching amount of \$11,266 from non-federal funds. He explained that the value of the inventory would be to assist local communities to understand the URM risk and to work toward mitigation.

On motion and second to approve the matching funds, the motion carried.

8. **Public Comment**

None

9. **Action Item:** **Adjournment**

On motion and second to adjourn, the meeting adjourned at 3:00 p.m.