

Workers' Comp

News for Public Employers

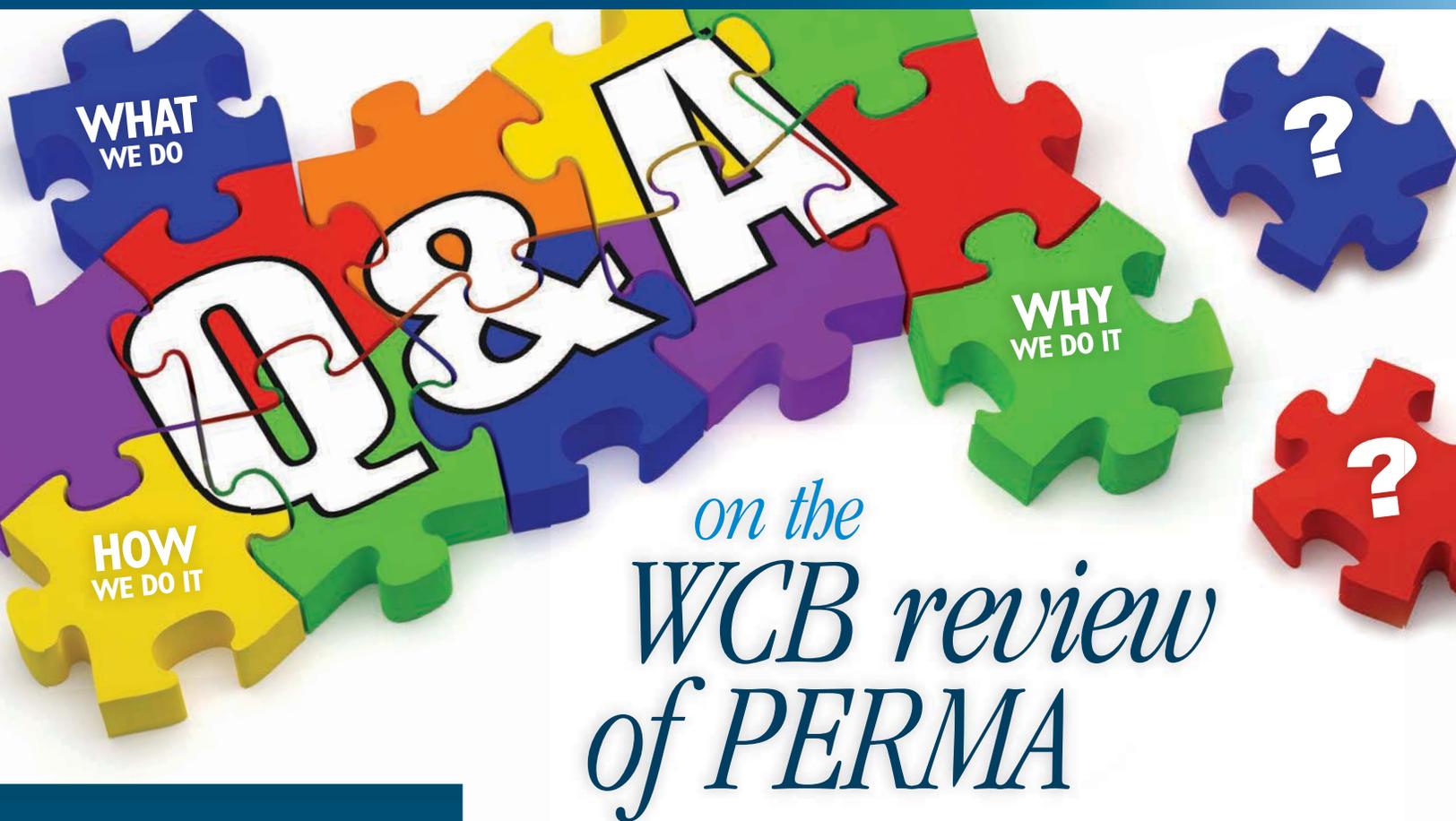
NEW YORK'S PREMIER PROVIDER OF WORKERS' COMPENSATION FOR PUBLIC ENTITIES



PERMA™

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on the *WCB review of PERMA*

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Since 2013, PERMA has been responding to a review by the New York State Workers' Compensation Board (WCB). This is a thorough review of what we do, how, and why – and it is the first of such reviews the WCB says it will regularly conduct as part of its statutory obligation to oversee all self-insured municipal pools. As of this writing, the review process is still underway. PERMA has been coordinating closely with Lumsden & McCormick, a Buffalo CPA firm retained by the WCB to do the review since early this year.

We cannot predict how the WCB will interpret findings, whether or how they might share their impressions. We remain confident that PERMA maintains a good model for providing New York's public entities the best possible workers' compensation insurance coverage, related services, and long-term cost-containment through the contracted management services of Northeast Association Management, Inc. (NEAMI).



What kind of work has been required as part of the review process?

PERMA has fielded over 300 questions in conjunction with the review and have shared more than 13,000 pages of information with Lumsden & McCormick. We have shared information about all facets of PERMA operations – financial management, underwriting, risk management and loss control,

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Frontlines

BY BRENT WILKES, ARM, CAE

PERMA participating in a review by the New York State Workers' Compensation Board (WCB).

Over the past two years, PERMA has been participating in an in-depth review of operations conducted by the WCB as part of its statutorily-required oversight of public entity pools. PERMA is the first active public entity pool to undergo review by the WCB. Perhaps emanating from problems experienced with certain private sector trusts, the WCB has allocated significant time and effort to review PERMA operations.

PERMA welcomes the WCB review, resulting findings, and the opportunity to identify possible operational improvements. We also would welcome collaboration with the WCB to develop standards by which it can conduct future reviews of public entity pool performance in New York. Although some national benchmarks exist for pool performance, no state-specific standards have been developed in New York. PERMA believes creation of such standards would benefit public entity pools and their members, and would allow the WCB to satisfy its oversight obligations in a fair and consistent manner.

In 2001, PERMA was one of the first pools in the country to gain recognition by the Association of Governmental Risk Pools (AGRIP) for meeting all of the advisory standards offered for public entity risk pool management. PERMA has maintained that recognition ever since. PERMA regularly engages independent

third party reviews of its management and operational policies and practices. PERMA financial records are audited annually and audit reports are regularly published to the Board and PERMA members. PERMA has received the Certificate of Achievement for Excellence in Financial Reporting (CAFR) for sixteen consecutive years from the Government Finance Officers Association (GFOA) and is among a small number of eligible entities in New York to receive such recognition.

PERMA has a clear record of known performance against standard industry benchmarks. By every known source of comparison with similar entities, PERMA meets or exceeds best practices. This is true even in the face of PERMA's surplus deficit, now estimated to resolve in 2017, three years ahead of schedule.

Like our members, PERMA is a learning organization that is always ready to examine its practices in an effort to continuously improve the service we provide to our members. As the WCB review comes to a close, we look forward to implementing any suggested improvements for the good of our membership and to working together with the WCB and Northeast Association Management toward continued PERMA success.



Managed by **NORTHEAST ASSOCIATION MANAGEMENT, INC.**

Public Employer Risk Management Association, Inc. (PERMA), the largest and most successful self-insurance pool for public entities in New York State, has been administered by Northeast Association Management, Inc. (NEAMI) since 1995. NEAMI, with its staff of approximately 75 professionals, provides claims management services, as well as nurse case management, loss control, coverage underwriting, and general member services.

PERMA's *Inner-workings*



This issue we sat down for an in-depth conversation with the Member Services team's newest staffer **John Woods**, PERMA's Member Services Specialist



Workers' Comp: John, can you give us an outline of your professional career so far?

John Woods: After graduating from college, I worked briefly as an office assistant for Media/Communications Partners, a venture capital investment firm in Boston, until I was hired as a mutual fund accountant for Investor's Bank and Trust Co. (IBT) - also in Boston. At IBT, I was promoted to the position of Corporate Actions Accounting and Tracking Specialist, where I tracked corporate actions (mergers, acquisitions, etc.) and advised on how those actions would impact the pricing of mutual funds.

My wife and I left Boston and relocated to Saratoga Springs, preceded by a one-year stop in Lake Placid, where my wife pursued her baking/pastry certificate at Paul Smith's College. I took a position with State Farm at their auto claim central facility in Ballston Spa as a claims adjuster, followed by an adjusting position in the workers' compensation department at AIG, in Latham. I joined NEAMI, PERMA's administrator, as a case analyst in 2008, and was a case analyst III prior to joining the member services department.

Workers' Comp: As a claims staffer, what interested you about member services?

John Woods: Member services interested me because it seemed like an ideal opportunity to learn more about PERMA as a whole, as well as to see how the different departments work together to provide the product and service that we do. I also thought it would be a great opportunity to make a personal connection with the membership and put faces to names that I have known for so long.

Workers' Comp: Now that you've been to a few member events and have seen the organization from two angles, what aspects of PERMA do you believe make it noteworthy?

John Woods: I believe there are many aspects of PERMA that make it noteworthy, but I feel the overriding one is service: the level of service is excellent. As a smaller organization, it is very important to make lasting positive impressions, and from my experience, PERMA employees are always working to put the needs of the members and claimants first, regardless of the department they work for.

This service does not go unnoticed: between the fall educational conference, and the recent member receptions, I lost track of the amount of times a member would comment on how pleased they were with PERMA, and how they always receive prompt and informative answers to their questions. They also commented that when the phone rings at PERMA, someone answers, which is not always the case when dealing with other companies.

Workers' Comp: How do you see your current role with PERMA?

John Woods: I see my current position at PERMA as an opportunity to take my experience in claims and apply that knowledge while I learn the role of member service specialist. I think it is a great opportunity, not only to help guide the member with their questions regarding the claims process, but also to reinforce to them the needs of the claim department that will make the processing of their claims even more seamless (one example would be the importance of timely form filing).

Workers' Comp: What do you like to do in your spare time?

John Woods: I like to ski, listen to music, play the drums, try new restaurants, enjoy the company of friends and family, and keep up with my two kids. I am also in the fortunate position to be a taste tester for my wife's cake business!

John can be reached at jwoods@neami.com or 888-737-6269, ext. 3025.

Q&A on the November WCB review of PERMA *Continued from page 1*

overall claims management, nurse case management, member services, the PERMA and NEAMI relationship, Board functions, and more. The only operational aspect Lumsden has not reviewed is individual claim activities; the WCB has not yet indicated whether an evaluation of claims will occur.

Were there specific aspects of PERMA operations that generated scrutiny?

PERMA routinely monitors its practices to operate within recommended national standards for public entity pools and has a strong set of internal operational protocols to which it manages. So far, the WCB has not established standards or protocols for review of New York self-insured municipal operations.

Although we have fielded a wide array of questions relative to almost every aspect of PERMA operations, a few areas of inquiry stand out:

- PERMA's alternative contribution plan (ACP), or large deductible program.
- Performance under PERMA's Surplus Recovery Plan.
- The role of the PERMA Board of Directors in overseeing day-to-day operations.
- Our evolving approach to risk management and loss control.
- PERMA members' understanding about coverage options and member services.

What's going on with the large deductible program, or ACP?

The WCB has said it believes PERMA's ACP program should be overseen by the New York Department of Financial Services (DFS), separate from PERMA's first-dollar program. Review by DFS will hopefully be completed shortly so PERMA can expand opportunities for participation in the ACP program.

Self-insured municipal pools across the country and licensed commercial insurance carriers alike routinely offer high-deductible workers' compensation coverage alongside first-dollar programs as a way to fit coverage and cost together for larger municipal members. PERMA strongly believes the ACP program is a necessary tool for municipalities throughout New York and will continue to advocate for this on behalf of members.

How is PERMA progressing relative to its surplus deficit?

PERMA's surplus recovery plan is nothing new. In 2010, PERMA identified a major undertaking to eliminate a fund balance deficit that had accrued over several years, with a goal of creating a surplus balance by the end of 2020. At the end of PERMA's 2014 fiscal year on May 31, the surplus recovery plan was significantly ahead of schedule. Under current provisions and with existing membership assumptions, PERMA is projecting a small surplus balance in approximately three years.





How does the PERMA Board fit into the review?

PERMA is an extension of the hundreds of municipalities and other public entities that are its members, led by a Board elected from the membership who know the opportunities and challenges that matter most to municipalities. As part of the review, Lumsden & McCormick has looked at hundreds of pages of Board meeting materials spanning many years and has asked questions about how involved the Board is in managing member-specific matters. Some Board members have also been interviewed as part of the review process.

This is a valuable line of questioning, since PERMA is a large and complex organization that sits at the unique intersection of municipal and insurance-related issues. The Board's role is not to delve into the nitty-gritty details of every member's insurance transaction, but rather to ensure that the entirety of the PERMA program meets member needs. Throughout the review process, we have emphasized these considerations and Board member engagement at an appropriately detailed level.



How is PERMA's evolving approach to risk management and loss control important to the review?

The single most important impact members can have on loss costs is to help employees avoid injury. To aid in this effort, PERMA has been rethinking its loss control approach, in particular making a strong commitment to help members predict where losses are likely to occur next. The WCB review is taking place amid this important transition in PERMA's approach to risk management and loss control services for members.

PERMA is taking a cutting-edge approach to loss control data modeling tools designed to predict losses in order to avoid them. In the meantime, of course, PERMA has continued to offer valuable loss control services.

Five different firms around the state are helping to provide conventional loss control services during our transition. This means PERMA's interim loss control model doesn't fit industry norms, so understandably this service shift has been the focus of many questions from Lumsden & McCormick. We have been clear that our approach to risk management is evolving, but our commitment to helping members maintain safe worksites and avoid employee injuries is not wavering. And it never will.



What connection is there between the WCB review and PERMA members' understanding of coverage, methods used to calculate contributions, and other details?

PERMA offers coverage options tailored specifically to members' needs, and PERMA contributions are calculated individually for each member. PERMA continually refines and adds loss control programs, improves claims practices, and enhances member services. For PERMA, communicating this information to members is a top priority and one that we address daily.

But the details that seem simple to us because we deal with insurance lingo everyday can at times be confusing to a member, especially since coverage issues are just one of the many tasks that municipal employees perform in any given week. This is part of the reason our members value their insurance agent relationships so strongly: Agents and brokers help interpret or analyze technical insurance issues. The WCB review is a good reminder that insurance details need to be shared frequently and in terms that make it easy for members to evaluate options and make decisions when needed.



What kind of impact will this review have on PERMA?

It's hard to say, and we are hesitant to make predictions.

Our main goals in responding to questions from the WCB and Lumsden & McCormick have been quite simple:

- Be transparent regarding PERMA operations.
- Answer questions in a thorough manner, sharing pertinent details, historical and national context, and reasons alongside outcomes.

Through PERMA, New York's public entities have for many years collaborated on solutions to the challenge of affordable workers' compensation coverage. At a time when local governments are being called on to engage in cooperative efforts for increased efficiency, pools like PERMA stand out as a longstanding example of successful intergovernmental collaboration. There is no better example of municipalities cooperating than the formation of, and participation in, PERMA. We are confident in PERMA's model and record, and members' core commitment to effective and affordable workers' comp coverage with long-term stability. Regardless of the review and its outcomes, this will continue to be PERMA's mission.



Dispatches from the Road...

Fall Educational Conference and Member Receptions

Educational Conference

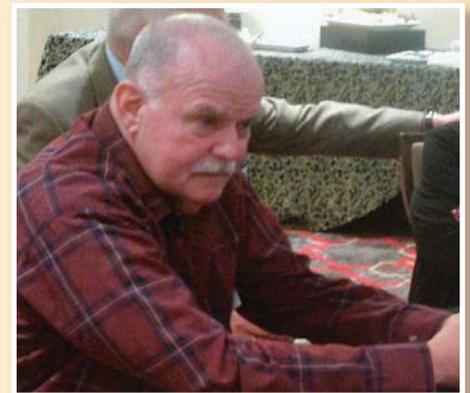
By all accounts, the inaugural PERMA Fall Education Conference was a success! Held November 6 & 7 at the Woodcliff Hotel & Spa in Fairport, the conference was intended to be a more grounded counterpart to the festive Annual Conference held each May at the Sagamore Hotel & Resort in Lake George. 80 members and guests from 40 municipalities attended, far exceeding PERMA's modest expectations.

Thursday saw a full slate of intense workshops, all focused on the role of human resources in workers' comp. Surveys are still out, but those completed show a 95% satisfaction rate in all workshops. Commenters complemented the presenters – Public Sector HR and Petrone & Petrone, P.C. – for their focus and knowledge. Commenters were also very pleased with the food and facilities, with 100% of attendees rating both as very good/excellent.

On Friday, keynote speaker Melinda Burdick Bowe of Hancock Estabrook LLP instructed attendees on managing public employees in a union environment. One commenter said "I was not going to stay because I am in a non-union setting. [But] Melinda suggested there would be many things that would help. She was correct and I enjoyed the presentation. I even walked up at the end to let her know I was glad I stayed."

The member services team is very excited that the conference was so well-attended and received. The educational conference will change venues and focus from year to year, so if you have any suggestions for location or topics, please let us know.





“The member service team is happy with this year’s re-launch of the regional receptions.”

Member Receptions

As we begin to close out 2014, the PERMA member receptions are gathering steam. In October and November, over 35 representatives from 20 members attended the member services department receptions in Plainview (Long Island), Bear Mountain (Rockland County) and Rochester.

The Plainview reception was held at the Four Points Sheraton on October 16th. Attendees were introduced to John Woods, a NEAMI case analyst since 2008, who has joined the member services department as a member service specialist. John’s territory will include Long Island. Sampling drinks and crudité, attendees complimented staff on how well PERMA responds to requests for services and information.

The Bear Mountain reception was held at Overlook Lodge on October 23rd. A last minute change in venue led to a few no-shows, but those that attended were treated to a stunning view and tasty nibbles. Karen Braman, senior director of member services, spoke to the crowd about the changes to loss control since the beginning of the year. Many in attendance were unaware that PERMA still provided the same risk management and loss control services as always, just through vendor partners, instead of through loss control consultants.

The Rochester reception was held at the Strathallen Hotel on November 20th. The attendance list was comprised mostly of members who had attended the Fall Educational Conference, and discussion ensued on the successes of, and possible improvements to, the conference. Also in attendance was Doug Miller of Occupational Safety Consultants (OSC), PERMA’s newest risk management partner. Doug talked about the variety of services OSC offers to PERMA members, free-of-charge.

All-in-all, the member services team is happy with this year’s re-launch of the regional receptions. If you have any suggestions for venues, dates or topics for next year, please contact the department. We can be reached at memberservices@neami.com or 888-737-6269, ext. 3088.



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