

Fall 2010

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NEWEST MEMBERS

Lookout Cemetery District
Yolo Fire Protection
NorthNet Library JPA

To be an effective supervisor, your praise to criticism ratio should be at least 5 to1.
-Jack Kastorff

Greetings! *Scott Schimke, Risk Manager (sschimke@gsrma.org)*



*Scott Schimke
Risk Manager*

Greetings! As 2010 draws to a close, "extreme anxiety" best describes the mood of the people of the United States and the World in general.

Everyone is suffering from some level of anxiety. Webster's Dictionary defines anxiety as: "(1) a painful or apprehensive uneasiness of mind, usually over an impending or anticipated ill; (2) an abnormal and overwhelming sense of apprehension and fear often marked by...doubt concerning the reality and nature of the threat, and by self-doubt about one's capacity to cope with it".

This heightened sense of apprehension is being fueled by numerous factors including: personal finances, the mortgage crisis, recent elections (Federal, State, local), the national debt, budget cuts, job losses/furloughs and extended unemployment, and the future of our country

as a whole.

As our members prepare for a challenging 2011, we at Golden State Risk Management Authority (GSRMA) will do all we can to alleviate anxiety in regards to the strength of our Pool, future contribution increases and the service and support provided through our insurance programs.

Through the conservative fiscal policies and operational efficiencies put in place by the Board and staff, GSRMA is positioned to weather this financial storm. Our pool is well funded which helps us keep contribution increases to a minimum. Numerous strategies, such as increasing our self-insured retention or funding at a lower confidence level, help us achieve this. As our financial auditor, Jim Marta, CPA, is fond of saying, "If you have money, you have options."

GSRMA continues to offer several programs to our members that may help them in these times. We can help reduce losses (and, in turn, lower contributions), provide funding for employee training and even reduce annual contributions by up to 10% for implementing loss reducing measures.

(Continued on page 2)

We have launched our new toll-free nurse triage service for member employee workplace injuries. Effective immediately, please use the new contact number (1-800-775-5866). All members in the workers' compensation program should have received a packet of information including phone stickers and wallet cards containing the new number.



While the CompanyNurse number is still operating as a backup, it will be terminated at the end of 2010.

If you have questions or if need more materials or instruction, please give is a call.

Greetings (Continued from page 1)

For example, the OUR Systems Early Return to Work, when adopted by a member agency, will significantly reduce the severity of a lost time workers' compensation injury. In turn, this keeps increasingly scarce labor resources on the job, lowers a member's loss ratio and helps drive down their annual contribution.

Additionally, members can apply for funds through GSRMA's Loss Prevention Subsidy Fund (up to \$1,000 annually) to offset the cost of employee training.

They are also welcome to host no-cost regional loss prevention and risk control trainings with Safety Officer Mark Marshall.

Lastly, members can participate in GSRMA's Loss Prevention Incentive Program (LPIP). Upon successful implementation of this program, a member can receive up to a 10% reduction in their contributions up to \$50,000. Since its inception,

GSRMA has provided LPIP credits totaling \$249,455.75 to participating Member Agencies.

Studies show that for every dollar an agency spends on loss prevention, they receive up to four dollars in benefits through lower contributions, fewer sick days, less employee turnover, etc. An increased recognition of the relationship between loss prevention and cost, along with the resources GSRMA provides, can have a significant financial impact on a member.

If you have not adopted these programs and would like more information please contact Safety Office Mark Marshall at (530) 934-5633 or mmarshall@gsrma.org.

In addition to these existing programs, GSRMA recently launched a new health and wellness service that members can provide to their employees at no cost. The program is called Healthy Roads and is accessed through MemberLink,

GSRMA's online loss prevention and risk control training program. Healthy Roads was introduced to members at GSRMA's Annual Training Conference (Refer to the Annual Training Conference article for additional details). If you are interested in this service please contact Kim McGeoghegan at (530) 934-5633 or kim@gsrma.org.

GSRMA continues to offer its members "Innovative Programs, Personalized Service." We hope that this commitment will at least alleviate anxiety about our members' pooled insurance programs.

Here is wishing you all a Happy Thanksgiving, a healthy, Holiday Season and all the best in 2011.



Membership Matters Dan Berry, Member Services Director (dberry@gsrma.org)

At the September 15, 2010 board meeting, GSRMA's Board of Directors approved the creation of a Fire Agency Advisory Committee. The committee will be comprised of member fire chiefs, board members, firefighters and GSRMA personnel. Committee members will collaborate and provide direction to GSRMA regarding the needs of member fire agencies. The goal is to assure that GSRMA is the best option for California's rural fire districts.

A wide range of topics related to fire district best practices will be considered. The committee will share solutions and develop resources that can be utilized by all member fire districts. California rural fire districts face many challenges in regards to regulation compliance, training and funding. The committee will bring together members to share their unique perspectives and solutions to these issues.

GSRMA will provide the structure

for this collaboration and research ways to cost effectively provide services such as live regional trainings to member agencies. Members are already provided with state of the art online training through MemberLink, but there is no substitute for hands-on emergency training. The Advisory committee will evaluate the best ways to provide members effective, economical training events through the utilization of shared resources.

Along with member-experts, GSRMA Safety Officer Mark Marshall will provide leadership and experience to the project. Mark has over 30 years in fire services, much of that time as a fire chief. Additionally, Mark has been extremely involved in legislative activities related to California fire services. Mark helped to craft legislation at the State level; and assisted with agreements to consolidate services and create funding sources at the local level. Mark has coordinated large-scale and intimate fire training events. His passion for the fire

services industry will be extremely valuable to this project

GSRMA currently provides coverage to 38 fire agency members and over 750 volunteer and paid firefighters. GSRMA has provided coverage to fire protection districts since its inception in 1979. Based on current market trends and interest from California fire agencies, we expect that GSRMA will continue to enroll new fire agency members in the near future. With this in mind, the committee will provide guidance not only for strategic planning of the fire agency members, but for GSRMA and their future growth. As a risk-sharing pool, member agencies desire members that are good risks

An organizational meeting of the committee is scheduled for December 2010; and at that time GSRMA will share their vision of the project and discover what the member districts would like to achieve.

Saving Big \$\$ in Workers' Comp

Gale Hamon & Cynthia Connelly (ghamon@gsrma.org & cconnelly@gsrma.org)



The pre-employment/post-offer physical can result in tremendous savings on workers' compensation claims. Such a physical may seem insignificant and more trouble than it is worth but that is not the case.

Prior to 2004, Permanent Partial Disability (PPD) was often paid based on subjective work restrictions. Subjective complaints, that is, those regarding pain for which there is no obvious visible reason, were difficult to diagnose. This was compounded by the fact that no two physicians found the same level of disability – even on the simplest of injuries. In addition, the degree of disability often depended upon whether the appointment was scheduled by the applicant's attorney or the defense attorney.

2004 brought about legislation that

streamlined the medical selection process. No longer were "dueling doctors" part of the workers' compensation scene. Now, the injured worker requests a list of Qualified Medical Evaluators (QMEs) from the Industrial Medical Council (IMC). The IMC sends a list of three physicians, within a reasonable traveling distance, to the injured worker who contacts one and schedules an appointment. The claims adjuster receives a copy of the list and is advised who the injured worker selects and the date and time of the appointment.

At about this same time, the State also changed to a much more objective (and conservative) standard for evaluating PPD: *The American Medical Association Guide to the Evaluation of Permanent Impairment, Fifth Edition*. This guide provides a range of standard percentages of impairment based on objective findings (disc herniation, atrophy, vertebral compression, loss of segment motion, etc.), all of which are measurable, either by x-ray, magnetic imaging, electro-diagnostic studies, etc.

The pre-employment/post-offer

physical comes into play when an employee has an injury that may have, at least partially, existed prior to employment. Though the system is now much more objective, without a pre-employment physical, the level of the pre-existing injury is subject to conjecture. The physical provides an important tool that establishes a baseline for future reference. This baseline gives the physician of the injured worker a place to start when determining what percentage of disability is attributable to the workplace and what is attributable to prior injury or the normal aging process. This is known as apportionment which allows the claims adjuster to only pay for the level of injury caused by the employer.

So, though the law has improved the ability of the claims adjuster to make fair settlement of the claim, the pre-employment/post-offer physical is vital in many cases to insure an employer is only paying for what their workplace has caused. This, in turn, saves the employer workers' compensation cost and, ultimately, lowers the cost of workers' compensation coverage.

The 2010 GSRMA Health and Wellness Conference, a huge success!

"Excellent speakers", "Very educational", "Loved the wellness focus", "Always inspirational", "Looking forward to next year". These were the comments heard as people left the 2010 Golden State Risk Management Training day October 28, at Rolling Hills Resort in Corning, CA. The conference marked the 6th annual occurrence of this event.

The day began at 8:00 a.m. with the registration of



108 attendees and a continental breakfast.

Our Director of Member Services, Dan Berry, acting as Master of Ceremonies, started off with introducing special guests including Board members and business partner representatives. He then introduced the speakers for the day: Dr. Chuck Wall on "Kindness /motivation:



A Winning Combination", Fred Schafer on "Entering your High Performance Zone in a High Demand World" and Amanda Goad from Target Safety to unveil Memberlink's Healthy Roads program.



The 2010 GSRMA Health and Wellness Conference, a huge success!

Dr. Wall started off the day by sharing his life story of overcoming blindness to earn a Ph.D. from U.C.L.A. along with 3 other degrees. He spoke of books he had written, and experiences he had in working with U.S. Presidents, appearing on the Oprah show and even a conversation he once had with Dr. Martin Luther King Jr. The focus of his talk, however, was on an assignment he gave one of his college classes: "Today I will commit one random act of senseless kindness." The class met one week later and each student had a story to tell of his or her "act of kindness". Dr. Wall enlightened us to being kinder to our fellow man, in and out of the workplace, to relieve stress and allow for a better work environment.

The day continued with Fred Schaffer, the self-described Fit Food Dude.

His energy and humor was riveting and left the audience wanting more. Fred told of his adventure into the world of fitness. His "it only takes a few minutes" explanation of how to get fit had everyone up out of their chairs trying some of the exercises he taught. Statements such as "A body in motion, stays in motion" and "A body at rest stays at rest" made everyone in the audience reflect on their lifestyle. Joking that "Couch potatoes breed Tater Tots" maintained a lightness to what could be an overwhelming feeling of "where do I start?" All in all, Fred left us inspired, refreshed, energized and equipped to be healthier than ever. At mid-day, Charlie Mitchell, member of the Accreditation Committee for the California Association of Joint

Powers Authorities (CAJPA), stepped to the podium. He presented GSRMA Board President, John Viegas, with a plaque representing GSRMA's recent re-certification as "Accredited with Excellence" through CAJPA's rigorous accreditation process.

Later in the afternoon, Amanda Goad introduced a new Memberlink program titled "Healthy Roads". This health and wellness program is available to the employees of all GSRMA members free of charge. Healthy Roads is an interactive, self-guided tool with exercise & nutrition resources, personal health assessments and trackers and planners to help individuals manage their progress in managing their health.

That evening, attendees were treated to a reception to give them time to relax and network among themselves. As an added treat, they were able to watch, on the big screen, the Giants beat the Rangers in game II of the World Series!



Member Spotlight: Nevada Cemetery District

A year before California's statehood in 1849, Nevada Cemetery District listed their first burial. Nevada Cemetery District was established in 1942 and covers 700 square miles of Nevada County. The district owns more cemeteries than any other district in California; by 2013 they will own 30 cemeteries. One of the biggest challenges faced by the district is maintaining this amount of cemeteries with only 6 employees.

Nevada Cemetery District has

opened its first modern lawn cemetery this past June in Nevada City. The district is currently working on a 5.4 acre cemetery which includes 1,200 Interment plots, 500 In-Ground cremation plots, Veterans Section, Niche Columns, Scattering Gardens and Ossuary. Their newest cemetery, Pine; which is fully functional, is going to provide valua-

ble new and affordable space for the district residents.

The Nevada Cemetery District Trustees include Gerald Bushore, Dennis Cassella, Dennis Matthews, Clarence Motter, Jr. and David Ray.



"Accredited with Excellence"



GSRMA Board President, John Viegas receives the "Accredited with Excellence" plaque from CAJPA Accreditation Committee Member Charlie Mitchell while GSRMA Risk Manager, Scott Schimke looks on.



For the 7th time in 20 years, GSRMA has achieved the "Accredited with Excellence" designation from the California Association of Joint Powers Authorities (CAJPA). This prestigious award must be re-earned every 3 years when candidates must go through a challenging process of technical audit and peer review. GSRMA has been continuously "Accredited with Excellence" since 1992.

Managing Employment Risk in a Slowing Economy: A Roadmap for Public Entities

By Dennis Molenaar, Esq.

The difficult economic conditions of the last few years are on top of everyone's mind thanks to the news media, and rightfully so. Challenging economic circumstances are not only having an adverse impact on individuals, but also proving destructive to public entities across the nation. The weak economy is affecting cities and counties all over America; it seems that no one person or group is entirely immune.

One only has to take a quick look at recent news stories to see the economy's powerful effect on municipalities nationwide. Earlier this year, Kansas City closed nearly 50 percent of the district's public schools, eliminating more than 700 jobs, in an attempt to address a \$50 million budget deficit. Last summer, Jefferson County, the largest county in Alabama, faced the largest municipal bankruptcy ever—a \$3.9 billion deficit—and subsequently cut services drastically and laid off 25 percent of its workforce. And, according to CNN-Money.com, in 2008 alone, more than 45,000 government layoffs were announced. And this appears to be just the tip of the iceberg. This issue is not something that will be resolved in the short term. Increasingly, public entities will require close scrutiny of the workforce; all entities should be reviewing documentation and personnel files in preparation of layoffs.

These recent events are the result of practicality and the diligent efforts of municipalities to stay in the black—even cities and towns need to cut back in tough times. But the choice by governments to reduce staff is challenging and complex, as elected officials are beholden to those who voted them into office. A variety of issues must be taken into consideration, such as the need for services mandated by law, while guarding against looming shortfalls in revenues.

Mitigating Risk

Workforce reductions are not only laden with emotion and subject to security issues, but also can open up an organization to possible claims of discrimination and the potential for lawsuits. Even the most well-reasoned layoffs can result in unintended consequences, particularly when involving departments where a large number of staff may be in a protected class.

For these reasons, prior to considering job eliminations, risk managers, in conjunction with legal and human resources, need to take a hard look at the services offered by the public entity they represent and make a decision: which benefits are absolutely essential and which are simply "nice to have"? Finding the balance between public expectations of government programs and ever-growing budget deficits will help these entities continue to remain solvent, while reducing the need to drastically cut staff. This audit of services encompasses an entity-wide look at staging programs and services currently provided, and ultimately helps build an organization-wide plan, making cuts the responsibility of the entity as a whole. The process requires a combined effort from elected officials, legal counsel, human resources staff and department heads.

One consideration is to remove or reduce programs that are no longer federally funded. Local governments may have assumed responsibility for services once sponsored by the federal government, such as daycare/latch key, parks and recreation, jail education or elderly transportation. However, eliminating these programs entirely is not always the answer. Just as individuals and families are developing creative solutions to save money in a tight economy, some governments have done the same, including combining services, such as parks and recreation in the summer with street and road cleanup in the winter; contracting with outside vendors; letting other agencies take responsibility; utilizing volunteers; and enlisting religious or civic groups to perform the service. Furthermore, the level of services offered can be reduced, by providing joint city-county services, cutting some office hours and even closing during certain times or days.

Making the Hard Choices

But once services are reassessed, if a financial shortfall remains, it may be time to consider reducing staff numbers. Though it may be tempting to use financial hardship as an excuse to clean out the "dead wood" in a particular group, remember that unless performance problems are well-documented and have previously been discussed with the poor performers, removing problem employees and economically based staff reductions are two entirely separate issues, and should be treated as such.

There are a number of appropriate ways to begin to decide which employees will be laid off.

Seniority. This is a fairly easy practice to implement, as deciding who will be let go is as simple as reviewing his or her hire date. Unfortunately, the seniority approach often results in

the loss of new, good talent, and leaves the organization vulnerable to large number of openings in several years. It also could result in issues if a disproportionate number of those employees are of a protected class.

Position needs. More difficult to administer, this strategy involves working with department managers and assessing the needs for specific staff positions. It's a very cost-effective approach that helps maintain staff in areas where they are needed the most but is also very subjective and could be abused by managers.

Service reduction. By reducing the availability of a public service, it follows logically that a staff reduction may also result. While fairly easy to administer, there is significant risk of such an approach becoming a political hot potato, particularly if it is a service of interest to a large portion of the public.

Once the most practical method is determined, implementation can begin. Some suggestions for making it as seamless as possible for both the public entity and employees:

Exhaust available options. Prior to layoffs, ensure that all other alternatives have been explored. Reduce the number of temporary and part-time employees. Offer early retirement buy-out options. Establish an abbreviated work week.

Communicate early and often. Tell employees as soon as possible of the coming changes. Hold individual meetings with affected employees. Make information readily available to all staff members so concerns can be addressed and the spread of misinformation diminished.

Ease the transition. If possible, make assistance available to employees. Consider offering outplacement programs like vocational rehab, family financial planning and health care/benefits meetings.

Document everything. Document all actions and why those decisions were made. Have a clearly written plan on staff reductions and be sure to follow it. Each step of the process of employee reduction, termination or furloughs should be closely scrutinized by legal. Prepare legal counsel with documentation and personnel files to ensure that there is not a violation of a federal law or an unintentional appearance of discrimination. Most insurance carriers are willing to provide assistance with employment practices and employment issues.

Make security a priority. All it takes is a quick look at a newspaper to realize that workplace safety cannot be taken for granted—the recent case of a terminated employee of a Connecticut beer distributor who returned to the workplace with a gun is one example. Employing proper security practices can help ensure that your employees are protected from a potentially dangerous situation. Your entity should also train employees to recognize warning signs such as employees making threatening remarks about supervisors and other employees. When layoffs do occur, ensure current employees are safe from retaliation.

Keeping Legalities in Mind

Layoffs come with a host of potential legal claims, stemming from a number of existing laws and government organizations: EEOC, state commissions against discrimination, the Family and Medical Leave Act, Americans with Disabilities Act, Sarbanes-Oxley, Uniformed Services Employment and Reemployment Rights Act, Age Discrimination in Employment Act and the Civil Rights Act, are just a few examples. So it is important that risk managers ask themselves, do we have the right to reduce staff or employee hours of work? The quick answer is yes, absent a contract, union agreement or other employment manual, and as long as staff or work hour reductions are not discriminating against a protected person or in violation of a federal or state law. All decisions regarding staff reductions should include the insight of experienced legal counsel, lest an organization risk putting itself into a unforeseen legal position.

Though involuntarily terminating employees is never an easy task, it can sometimes be an unavoidable one. With thoughtful consideration and careful planning, the risks associated with staff reduction can be greatly reduced, making the process as straightforward as possible.

The key to a successful reduction is that of careful planning, documentation and review by legal and human resource specialists. We must keep in mind the long-term impacts that these actions will have on individuals, families and the public entities.

Dennis Molenaar, Esq. is vice president of risk control for OneBeacon Government Risks.

This article originally appeared in the October issue of Public Risk magazine, the member magazine of the Public Risk Management Association. For more information, visit www.primacentral.org.

MemberLink Top Achievers

For the period of July 1, 2010 – October 31, 2010, GSRMA members completed 544 MemberLink training courses!

We would like to recognize the following agencies and individuals for their efforts

Top Agencies - Courses Completed

City of Orland - 142

County of Glenn - 108

Ukiah Valley Fire Protection - 96

Top Individuals - Courses Completed

Doug Turner, Williams Fire Protection 22 classes

Justin Richardson, Mount Shasta Fire Protection District, 16 classes

Ian Broeske, Ukiah Valley Fire District 16 classes

TAKE NOTE - Upcoming Events

- January 5, 2011 **GSRMA Board Meeting** - 6 PM, 247 W. Sycamore Street, Willows, CA
- February 6-9, 2011 **PARMA**-Anaheim, CA
- March 9, 2011 **GSRMA Board Meeting** - 6 PM, 247 W. Sycamore Street, Willows, CA
- May 11, 2011 **GSRMA Board Meeting** - 6 PM, 247 W. Sycamore Street, Willows, CA



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