The Trust OPEB Funding Program is Now Open for Business

The Trust’s Other Post Employment Benefit (OPEB) Funding Program is open for business. The Trust’s OPEB Funding Program, offered in partnership with Public Agency Retirement Services (PARS), provides participating Members with a trusted solution to proactively address their OPEB liabilities that is far more economical and efficient than each local governmental entity attempting to coordinate the same independently.

“Having The Trust establish and manage an OPEB Funding Program just makes sense and provides a logical answer to the numerous Rhode Island municipalities and school districts who continue to struggle to fund their OPEB liabilities,” said Colleen Bodziony, Trust Director of Operations and Member Services. Currently, the total OPEB liability to Rhode Island’s municipalities and school districts is over $3 billion, with less than 2% of that amount currently funded.

By pooling investments, Members are able to maximize returns by essentially using the higher rates of returns flowing from a diversified investment portfolio.

Premium Outlook - Changes in Store for 2015-2016

Depending on the line of insurance coverage, premium changes for the 2015-2016 policy year for Members participating in The Trust’s risk-sharing pools and programs vary considerably – from very favorable in some instances to less than desirable in others.

All premium rate projections and loss trends are closely examined not only by The Trust staff and its underwriting and actuarial consultants, but also by The Trust Board and the applicable standing committees associated with the line of coverage. This collaborative effort is aimed at keeping the rates reasonable while also ensuring The Trust’s various risk-sharing pools are properly funded with protection against adverse claims development.

Health

The rating results for the Health Pool are mostly favorable, with an overall pool-wide increase of just 3.7%. Member-specific adjustments vary, depending on claims experience, but in general range from a 5% decrease to a 15% increase. Total premium levels for 2015-2016 are projected to be $123.4 million, up from $119 million for the current policy year. As with previous years, the Transitional Reinsurance Fee and PCORI fee were included in Trust premium billing rates, and The Trust, in turn, submits these Affordable Care Act (ACA) fee payments on behalf of its Health Pool Members.

The good news is that the Employee Benefits Committee and Board approved a Member Equity Distribution totaling $4 million. $3 million was applied as a Members’ Equity Rate Credit for 2015-2016, and $1 million was to be disbursed as a deposit to a Member’s Premium Offset Account (POA) and/or an OPEB trust.

(cont’d on page 2)
The Trust also made a change to the wellness component which eliminates the elective $4.75 per employee per month charge paid by Wellness Works participants and replaces it with a $1.00 per employee per month charge for all Trust Health Pool Members’ active employees. “This is a tool that The Trust feels all participating Members should take advantage of as a way to better control their healthcare costs and, even more importantly, to positively impact the lives of their Member employees,” said Brian Lavallee, Director of Employee Benefits Programs.

**Dental**
The Dental Pool will experience an overall rate increase of 4.7%, with Member-specific rate adjustments ranging from a 6% decrease to a 10% increase. The Dental Pool premium for 2015-2016 is projected to be $6.5 million, up from $6.2 million for the current policy year.

The Employee Benefits Committee and Board was also able to approve a $200,000 total Member Equity Rate Credit, to be applied to Member premiums for the 2015-2016 policy year, based upon the performance of the Pool.

**Group Life**
With its Group Life Insurance rates with The Standard set to expire June 30, 2015, The Trust initiated a formal Request for Proposals (RFP) as a way to ensure that its Group Life Program was providing Members with the most competitive rates and service. “Although rate increases were expected due to poor loss experience and our Members’ high retiree populations, the responses to the RFP were staggering,” said Linda Grassini, Benefits Program Operations Manager.

Two of the carriers, including The Standard, initially sought a 45% increase over current rates while the third carrier called for an increase of 101% or more. Considerable negotiations ensued in an attempt to lower the rate increase. It was ultimately decided that the best option was to remain with The Standard, with a negotiated rate increase ranging from 23%-32% for the majority of Members for both Basic Life and, if applicable, Additional Life. Accidental Death & Dismemberment (AD&D), Spouse and Dependent Life rates will remain flat. These rates are guaranteed for three years, beginning July 1, 2015 through June 30, 2018.

“We cannot disagree that rates must increase significantly in order to cover the losses given the high number of claims and large retiree population, but are confident we have obtained the best arrangement possible for Members of our Group Life Program,” said Linda.

**Property/Liability**
Aimed at bringing more equity to the premium allocation for all Members, The Trust implemented, for Policy Year 2015-2016, a number of rate structure changes to its Property/Liability Pool. “These changes are aimed at moving the pool to an even better position of strength and are setting the stage for more effective rate stabilization down the line,” explained Shannon Ruff, Director of Property & Casualty Underwriting.

Overall, the Property/Liability Pool required a pool premium increase of approximately 4% over PY 2014-2015. The Trust implemented this new rate structure to better allocate each Member’s exposures and risk characteristics for a more equitable premium distribution. The Trust unbundled its liability rating to now include specific ratings for Law Enforcement Liability, Public Official's Liability, Sewer Liability, General Liability and School Board Liability. The Trust expanded its property rating to incorporate total insured value, flood zone determination, construction grade and distance to coast to better align with the way in which catastrophic property reinsurance is allocated across the membership.

The Trust’s Property/Liability Policy continues to be the best available, with broad and comprehensive insurance coverage designed specifically for public sector entities.

**Workers’ Compensation**
For the Workers’ Compensation Pool for Policy Year 2015-2016, a 6% Pool-wide increase over 2014-2015 was necessary and included the final phase of the National Council on Compensation Insurance (NCCI) Experience Modifier Split Point change. The experience modifier, which measures both claim frequency and claim severity, is a key determinant in the amount of premium an entity pays. The methodology was changed such that Members with frequent, even if smaller valued, losses are more severely impacted. “The theory behind this is that these losses are the ones which can be more easily controlled and prevented,” said Shannon. These losses, she explained, tend to be a predictor that an even bigger loss will happen eventually.

All Members have received their premium estimates for policy year 2015-2016. The Trust provided all Members with an opportunity to meet and review their specific renewal information as well as the rate structure methodology used to develop the premium levels.
Harsh Winter Keeps Trust Claims Department Busy

The winter of 2015 was certainly one for the record books, and not only in terms of snowfall and cold temperatures. For the Trust’s Property/Liability Claims Department, the winter of 2015 was its busiest ever, with a total of 342 claims received from January 1 through March 31. To put this in perspective, in just three months, approximately 45% of the Property/Liability Pool’s average 754 total claims for the entire year were reported.

“This is a tremendous volume of claims in a very short period of time,” said Russ Godin, Director of Claims. “It was all hands on deck from the first major storm on January 26th right on through to the end of March. I commend our Claims Representatives for staying on top of each and every one of these claims and helping our Members get through this tough period,” he said.

The majority of claims filed during this period were for automobile accidents (146). Also received were an alarmingly high number of property damage claims (121), predominantly caused by ice dams and the water intrusion issues that accompanied them.

There are certainly lessons to be learned from this past winter and Members should be aware that coverage for losses is conditioned on the obligation that the Member takes reasonable measures to protect the insured property from damage or loss. Although no one could have predicted the endless barrage of snow storms that would hit Rhode Island, it is recommended “that all Members have a plan and/or roofing company in place, in advance, to deal with snow on roofs before it becomes an emergency,” said Russ.

“We really could have been just one heavy snow or rain event away from catastrophic roof collapses in many cases,” said Russ.

School Custodian Ordered to Pay Restitution to Trust in Workers’ Comp Fraud Case

A North Kingstown Public Schools temporary custodian was ordered to pay a total of $11,990.28 in restitution to The Trust after pleading nolo contendere, in Providence Superior Court on March 9, 2015, to one count of failure to report earnings in order to obtain workers’ compensation benefits and one count of workers’ compensation fraud.

The custodian, Jorge Cardenas, was sentenced to three years probation on each count and ordered to pay $3,110.53 in fraudulently obtained workers’ compensation benefits and $8,879.75 in other claims related costs.

“Fraud is a very difficult thing to prove, so this is a great outcome and the culmination of a lot of hard work by many different people,” said Denise Lapolla, Workers’ Compensation Claims Manager.

Mr. Cardenas was injured when he slipped and fell while stripping floors, injuring his back and left side. The Trust was able to present evidence to the Workers’ Compensation Court that overwhelmingly proved Mr. Cardenas voluntarily chose to receive Workers’ Compensation benefits back in 2010 while collecting a paycheck from another employer, and also misrepresented his employment status by falsifying an earnings report in which he denied earning any wages. He also knowingly made false statements to his physician stating he could not engage in work activities due to pain when he was, in fact, working elsewhere.

Though there was no doubt the incident took place, Trust Senior Claims Representative, Charlie Benson noticed a few elements in the case that stood out in his mind as “off.” Although an initial round of surveillance did not uncover anything awry, as time went on, Charlie became increasingly concerned that Mr. Cardenas’ medical treatment was excessive for the injuries reported, and he then initiated another round of surveillance. This second round of surveillance revealed that Mr. Cardenas was working at a private business. Once presented with the evidence, the Judge accordingly referred the matter to the Attorney General’s Office which moved ahead with criminal prosecution.

Although studies show that only 1%-2% of workers’ compensation claims are actually fraudulent, The Trust routinely investigates workers’ compensation claims for such abuse. “We are, and will remain, committed to working closely with our Members to ensure the legitimacy of each and every claim,” said Denise.
Trust Wellness Program Now Available to All Health Pool Members

The Trust recognizes the significance of wellness programs not only for improving an employee's health, but also in order to control costs and risks for its Members. That is why, starting July 1, 2015, all Trust Health Pool Members will receive the benefits of its Wellness Program, which is being administered in partnership with Blue Cross Blue Shield of Rhode Island. The Wellness Program joins an already extensive list of value added services to Health Pool Members such as Affordable Care Act (ACA) fees analysis and personalized guidance on reporting requirements.

“The Trust provides risk management programs and services, so it makes sense to also have a wellness program available to Members,” said Brian Lavallee, Director, Employee Benefits Program. The importance of health and wellness does not stop when you enter the workplace. With the rising cost of health care, workplace wellness programs have grown in popularity and proven themselves as important components to any employee benefits offering. According to the Centers for Disease Control and Prevention (CDC), “chronic diseases such as depression and hypertension can lead to a decline in the overall health of employees in a workplace, contribute to an increase in health-related expenses for employers and employees and lead to days away from work.” These diseases can also cause an increase in workers’ compensation claims.

Currently, only Members who elect to participate in the “Wellness Works” program, at a cost of $4.75 per employee, per month, have access to wellness programs and services. But with the change, wellness will be available to all Members of The Trust’s Health Pool, at a cost of $1 per employee, per month.

“We feel this is an important step that ensures that all Health Pool Members have the ability to participate in and take advantage of the benefits of our Wellness Program,” said Brian.

Components of the Wellness Program include online personal health assessments, wellness clinics, educational sessions and behavior change interventions (group exercise, stress management, tobacco cessation, etc.). Member employees will also have access to an online wellness portal which provides individualized meal and exercise plans, online workshops, a fitness tracker and much more.

As Health Pool Members start exploring the wellness program offerings, The Trust is available to help and customize programs for your work site. For more information, please contact Carlin Weirick, Marketing and Member Services Representative, at cweirick@ritrust.com or (401) 438-6511 ext. 547, or Melissa LeBlanc, Health and Safety Promotion Coordinator, at mleblanc@ritrust.com or (401) 438-6511 ext. 561.

Drug & Alcohol Consortium Results Highlight Continued Importance of Program

The Trust Drug and Alcohol Consortium testing results for 2014 are in and, with eight positive tests for drugs, highlight the important role the Consortium continues to play in helping Members minimize the chance that a governmental employee might operate a heavy truck or school bus while impaired by drugs or alcohol.

The Trust’s Drug and Alcohol Testing Consortium enables Members to comply with the Federal Department of Transportation requirements that 50% of the covered Commercial Driver’s License (CDL) drivers in the Consortium are randomly tested for drugs and 10% tested for alcohol. This hassle-free and administratively simple testing pool for Members has been designed to help mitigate the costs of implementing the testing and education requirements of the Federal mandate and is provided without charge to Member entities.

For 2014, The Trust had 896 Consortium drivers representing 37 Member entities. The drivers completed a total of 494 random drug tests, 111 random alcohol screenings and 95 pre-employment tests. Of the eight positive tests for drugs, seven were the result of random drug tests. Of those, four were positive for marijuana, one for cocaine and one for amphetamines. One employee tested positive for both cocaine and amphetamines. The one positive test resulting from the pre-employment tests performed was for marijuana. There were no positive tests for alcohol in either the random or pre-employment screenings.

Since its inception in 1996, The Trust’s Drug and Alcohol Consortium has performed 10,639 drug tests, with 171 positive screenings, and 2,496 tests for alcohol, with five positive screenings.

It is important that Members maintain an accurate list of eligible CDL employees for The Trust and Occupational Drug Testing (ODT), The Trust’s third party administrator for the Consortium, at all times.

If you have questions or would like additional information regarding The Trust’s Drug and Alcohol Consortium, contact Colleen Cook, Director of Risk Management Services, at ccook@ritrust.com or 438-6511 ext. 513.
and long-term investment program, rather than a short-term, lower rate investment program. Each participating Member, however, maintains its own separate account, providing them with full discretion regarding their contribution amounts and timing. The Trust’s OPEB Funding Program is open to all local governmental entities in the State of Rhode Island.

The Trust OPEB Funding Program is structured as a multiple-employer trust in accordance with Section 115 of the Internal Revenue Code. It complies with GASB 45 as an irrevocable exclusive benefit trust solely to fund retiree health care benefits.

The Trust will serve as the Program Sponsor, providing oversight, member service and support for Member entities within the Program. PARS will serve as the Administrator, providing support to The Trust relative to implementation, administration, compliance, monitoring and consulting services. Vanguard will serve as the Investment Manager, providing investment services for the three available portfolio options: conservative, balanced and growth. US Bank will serve as the Trustee and Custodian to the Program, safeguarding all of the assets. US Bank is the fifth largest commercial bank in the United States and the largest trustee of OPEB assets nationwide.

Members interested in joining The Trust’s OPEB Funding Program receive the benefit of having much of the legwork already done for them. The Trust has taken care of all of the administrative tasks associated with vetting and establishing the OPEB Program, so the Program is ready to go for those entities interested in joining. The Trust will provide Members with the appropriate procedures, reporting requirements and timelines associated with the implementation and ongoing administration of the Program. “There are legal documents that will need to be signed, and, of course, Members will have to select their investment portfolios, but once that is all finalized, they can start funding the OPEB liabilities,” said Colleen.

For more information on The Trust OPEB Funding Program, contact Colleen Bodziony via email at cbodziony@ritrust.com or via phone at 438-6511 ext. 512.

Leaders Recognized at 12th Annual Loss Prevention Awards Luncheon

More than 100 local governmental officials and employees joined together at the 12th Annual Loss Prevention Awards Luncheon, held March 12, 2015, at the Crowne Plaza Hotel, for special recognition of their collective and individual leadership efforts in promoting risk management and wellness in their municipalities, school districts and special purpose districts.

Leadership Awards were presented to the Town of Coventry, the Town of Narragansett and the Northern Rhode Island Collaborative in recognition of their ongoing excellence in safety, risk management and wellness practices. Also presented were three of the five available 2014 Scholarship Awards to Member employees Captain Eric M. Norberg of the West Warwick Fire Department, Lieutenant Brian Burke of the Bristol Police Department and Robert Wilmarth of East Greenwich Public Schools who will be attending risk management seminars, safety workshops or other related training programs that will broaden their understanding of governmental risk management.

The Trust also presented its 2014 Safety Enhancement Grants which provide financial incentives to Members which are interested in purchasing safety equipment or safety services to help reduce the frequency and severity of claims. Twenty (20) such grants, each with a maximum value of $1,000, are awarded each fiscal year. This year’s recipients were: Town of Barrington, Benjamin Church Senior Center, Town of Burrillville, Central Falls School District, Town of Coventry, Cranston Public Schools, Town of Cumberland, Davisville Free Library Association, East Greenwich Public Schools, Foster-Glocester Regional School District, Town of Glocester, Town of Jamestown, Lincoln Public Schools, Middletown Police Department, Town of Narragansett, Tiverton School Department, Warwick Public Schools, Town of West Greenwich, Town of West Warwick and City of Woonsocket. Examples of the grant awards include the purchase and installation of electronic locks for exterior school building doors, a two-way radio/headphone system to allow bucket truck operators to communicate with ground crews during tree trimming operations, confined space electric blowers to provide fresh air to trained staff when entering confined spaces and the purchase and installation of certified playground mulch at a city playground.
“Highly Recommended” SMI Program Graduates Another Class, Continues to Receive Rave Reviews

With more rave reviews from participants, The Trust recently completed the sixth installment of its Supervisor’s Management Institute (SMI) Program. More than 100 people have now graduated from The Trust’s SMI Program which is designed to enhance the job performance of front-line supervisors so that they can bring greater value to their local governmental entity and reduce organizational risk in all forms.

Louise Phaneuf
Town Clerk, Town of Burrillville
“The SMI leadership training encouraged me to reflect on my own leadership style and provided the practical tools I need to adapt my behavior and expectations to ensure better service to our residents and enduring growth and job satisfaction for those I supervise.”

Louise commented that her favorite session was “Ethics of Supervision” and noted the importance of this type of training, particularly for local government. “We think of it as the law, or pretend it’s about money, but ethics really teaches you to think more broadly and provides you with a unique opportunity to look in the mirror and reflect,” she said. She felt the program exceeded her expectations and noted that the instructors were the “best” she had ever had. She also appreciated the opportunity to interact with peers. “Despite the fact that we all had brought different sets of problems, we were able to find commonality and help one another which was really great,” she said.

MariAnn Oliveira
Director of Human Resources, Town of Barrington
“Being relatively new to the municipal world, I found the SMI Program to be a fantastic opportunity that I only wish I had been able to take advantage of sooner. It provided valuable insight with topics that were relevant, interesting and educational. I think everyone in the public sector should attend this Program.”

MariAnn felt that the instructors excelled at fostering a collaborative learning environment where everyone was encouraged to participate and share. She spoke highly about the “Supervisor’s Role in Risk Management,” aka “Trust Day,” session. “So many important questions were answered and having an opportunity to ask specific questions and learn, first-hand, what The Trust does and the importance of risk management was fantastic.”

The Trust’s SMI Program is offered each spring and is available to all Trust Member entities. Participants are nominated by the CEO on the basis of their leadership potential. “Being relatively new to The Trust and getting to experience the SMI Program for the first time, I am impressed not only with the curriculum offered and expertise of the faculty, but also with the enthusiasm and commitment of our Member participants,” said Colleen Cook, Director of Risk Management Services.