

THE CITIES GROUP

A JOINT POWERS AUTHORITY
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OVERVIEW CITIES GROUP PROGRAMS

The JPA develops programs according to the needs of its members. We occasionally discontinue programs which have either served their purpose or were seen to be ineffective undertake new ones at the suggestion of members or the recommendation of staff as discussed and approved by our Board of Directors. Presently our programs fall into two major categories, those related to legally uninsured Workers' Compensation and those relating to other varieties of employee benefits, each of which is described in the following:

Workers' Compensation Programs

The goal of the Cities Group in the Workers' Compensation area is to operate as a buffer pool under the control of our members. We will discharge all statutory obligations of each member. Per the traditional JPA model, each member cedes its authority and responsibility in each program area to the Group, exercising control by placing a voting member on the Group's Board of Directors. The JPA owns its own specific reinsurance policy and pays claims and expenses directly from its own funds.

Our current programs are as follows:

1. Case Management - All claims are administered internally by Cities Group personnel. All claims activities, statistics, reports, payments etc. are processed and tracked on independently developed Cities Group computer systems.

2. Case Information - The status of any case is accessible by query of our staff or review of the files which are maintained in digital form on our premises. Where confidential medical information is involved, the Group will make such materials available only to the Board member designated by each member agency in that capacity or in a redacted form compliant with pertinent labor code requirements.

3. Legal Defense - When files become litigated defense is provided at JPA expense by an attorney agreed upon by the JPA and member agency. Attorneys handling JPA files are subject to the same oversight as JPA claim administrator personnel.

4. Fiscal Responsibility and Cost Allocation - Member agencies are deemed to have ceded their authorities and obligations in each program area to the JPA. The JPA maintains its own reinsurance which covers all of the claims of its members' employees, accordingly no coverage need be purchased by member agencies. Member contributions to the JPA are allocated on the basis of loss experience to each member's departments so that such costs may be accurately charged back to them.

5. Recoveries - The JPA actively pursues recovery of expended funds by subrogation proceedings, liens in related civil litigation, original civil litigation, etc. Such recoveries reduce subsequent program assessments of the member involved.

6. PERS Disability - Where disability claims involve disability retirement, JPA staff will work with each member to manage PERS case development and eligibility determination by the member's governing body in accordance with Government Code section 21025. JPA staff will also assist in the development of appropriate City policy and procedure to deal with such claims.

7. Safety Program - The JPA operates a Safety and Compliance program which was developed and is supervised internally by Group staff presently using contracted Certified Safety Engineers. The program establishes and maintains mandated Injury and Illness Prevention Programs (SB-198) and Hazardous materials communication programs for each member. The Group maintains a hierarchical safety committee organization in support of each member's loss control goals and in compliance with SB-198 requirements. The program on a regular schedule inspects all facilities of each of its members and develops a confidential report indicating physical hazards to employees on City premises as part of the hazard identification process.

Employee Benefit Programs

The Group operates a variety of benefit programs involving a varying amount of self funding and insurance purchase. As in its Workers' Compensation programs, the Group owns the insurance policies involved which name the eligible employees of the constituent Cities as program members. The policies are administered by the Group; self-insured claims and insurance premiums are paid directly by the Group from its own funds.

1. Long Term Disability Insurance - All of the members of the Cities Group have established themselves as an underwritten group and placed their LTD coverage in a single policy owned collectively and administered by the JPA. The Group self-insures and self-administers the first 180 days of LTD benefits for employees of its members. From 181 days forward claims are fully insured by CIGNA affiliates. In its initial year (1991) this program reduced prior LTD premium's by 1/3 to 1/2 while increasing benefit levels; over the subsequent years the cost has either remained level or decreased. The LTD program has become a significant loss control measure in our Worker's Compensation operations as it allows us to assign claimants to the program that suits their injury rather than simply deny a case and to convert benefits paid in one to the other rather than be assessed liens by outside carriers.

2. Life and ADD Insurance - In similar fashion to the LTD program, these group life policies are purchased and administered by the Group from Canada Life; the coverages duplicated existing terms and benefits at 1/3 to 1/2 of the prior year premium. This program is the only premium "pass through" operated by the Group and was undertaken because of the traditional carrier bundling with LTD programs.

3. Self Funded Dental and Vision - The JPA operates the various Dental and Vision Benefits Plan which are modeled on a direct reimbursement method wherein treatment bills are submitted to the JPA and reimbursement is made directly to the employee on a monthly basis. These programs are operated on a City by City basis and are not pooled beyond the assets of the individual participating member.

4. Self Funded Medical Plan - At present there is a pilot medical benefits program underway which is similar to the dental and vision plans. It involves a high deductible Blue Shield insured medical plan and incorporates a tiered out of pocket expense medical reimbursement program which pays member costs up to the annual maximum out of pocket cost provided by the policy.