



Worker's Compensation Discussion
December 11, 2012

Participants

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May Rico, Haven Women's Center of Stanislaus
Marsha Krause-Taylor, Casa de Esperanza
Betty Nelson, Casa de Esperanza
Alison Tudor, Mountain Crisis Services
Bill Donaldson, MBA Insurance Group
Krista Niemczyk, California Partnership to End Domestic Violence

Introducing Bill Donaldson

Bill is the insurance broker for several DV programs in California has been kind enough to share his expertise with us and join our discussions about potential solutions (thanks to Alison Tudor for bringing him into the discussion!). He spent 20 years in the non-profit sector serving in a multitude of positions from line staff to executive roles. Bill is highly recognized for his creative management solutions to address administrative, fiscal and program needs of non-profits. For the last eight years as a full-service broker, he has a proven track record with current clients to reduce overhead, maximize employee benefits and increase efficiencies in all areas of non-profit administration. He is and advisory council member for two insurance carriers specializing in non-profits and is currently an executive board member for the Region IX Head Start Association. In addition he is a trainer for the Non Profit Resource Center of Sacramento and for the California Head Start Association.

High cost associated with drug/alcohol rehabilitation code

- There was discussion of the reasons for why the Drug/Alcohol Rehabilitation worker's compensation code (8804) has such high rates. There was an assumption from some participants that the cost is related to a higher rate of incidents and worker's compensation claims from drug and alcohol rehab workers.
- Bill Donaldson clarified that it is the overall risk exposure that these programs face which increases the rate.
- Bill expressed his opinion that shelter programs do not face the same type of risks and that this is not an appropriate fit for shelters.

Options for addressing the classification of shelters

1. Petition the Worker's Compensation Insurance Board (WCIRB) for a new code specifically for DV programs
 - a. This would involve collecting information from programs about job duties, claim history, safety programs, and more and then filing with WCIRB for consideration of a new code.

- b. One challenge would be getting buy-in and interest from enough programs. We are not too small to get our own code, but we would need as much data as possible.
 - c. There is a risk that the new rate could be higher than the existing rate. Bill feels that this is an extremely low risk, but we do need to be aware that it exists.
 - d. One complication is that not all programs are a stand-alone shelter. When the shelter is just one part of a broader community service agency, the shelter staff may not fall into the DV classification. They may instead be covered under the “governing class”, which is the classification that the majority of the organization staff fit under. (For example, if a Head Start program is all classroom staff plus one cook, the cook could be covered under the same code as the classroom staff.)
 - e. If we can find common ground on job descriptions throughout programs, it could help us provide clarity and show commonality in a petition to WCIRB.
 - f. This can be a lengthy process and a new code will not be issued quickly.
2. Become self-insured
- a. This would involve DV programs as a whole coming together to create our own fund.
 - b. One positive is that this would separate programs from the WCIRB rating codes and from the auditors who don’t understand DV work and the risk exposure.
 - c. There is a \$45,000 initial cost for an actuarial assessment going back 3 years. After the assessment is completed we would be assigned our rates.
 - d. Programs would pay into the self-funded program.
 - e. We would also need to set up a non-profit board to oversee the fund.
 - f. There were concerns raised about the initial costs and the increased responsibility and work that this option could entail. Capacity would need to be addressed and provided serious consideration.
 - g. We could apply for capacity building grant money to help with the initial costs.
3. Work with a specific insurance company that has good programs around domestic violence programs
- a. Bill already works with a few insurance companies that do understand the level of risk associated with DV programs.
 - b. This would involve what’s called “program business” where we work with one insurance company to get policies set up; we essentially select an endorsed broker.
 - c. This would allow us to leverage our collective bargaining power and as a group negotiate for better rates.
 - d. Safety programs and claim processes seem to be lacking in most DV programs. We would want to create standard templates processes that all programs can use so that we have some standardization (insurance companies like to see these things).
 - e. If we do go this route programs would have to work with the exclusive insurance company to get the program rates, which would mean not working through their current insurance broker. Some programs may not want to alter their broker relationships.
 - f. We could pursue this option as we move towards petitioning for our own code, if we decide to do so.

Addressing split job duties

- One issue that was raised was the situation where an administrative employee is classified at the higher drug/alcohol rehabilitation rate because they would occasionally cover a shelter shift.

- Because timesheets and payroll break out the employees' work activity the worker's comp auditors can spot these covered shifts and then require that all of that employee's time be classified at the higher rate, and not just the few hours spent covering a shift.
- Bill explained that this is a carrier by carrier decision, but that some insurance companies do allow you to split job duties and charge only those certain hours at the higher rate. (Examples of such companies are Nonprofits United and Pro Site).
- There was a sense on the call that this alone could have a significant impact on insurance costs for programs.

Market factors

- Bill shared that worker's compensation insurance providers are getting very strict and doing everything they can to increase revenue.
- The market for the drug/alcohol code is tightening – fewer carriers are willing to cover these programs.

Next steps

- We need to reach out to the broader membership about this issue and encourage their involvement and feedback.
- There is interest in exploring the option of working with one specific insurer to leverage our group purchasing power.
 - This seems to be the path that we could go down relatively quickly while we continue to explore the option of petitioning the WCIRB for our own code or becoming self-funded.
- It was clear from the discussion that regardless of what option we want to pursue we would need to collect information from the membership.
- The Partnership will work with Bill to develop a survey to send out to collect some of this information.