

TRUSTEES' OPEN MEETING MINUTES

PLACE: Claims Conference Room/Okemos, MI

DATE: April 14, 2016

TIME CALLED TO ORDER: 9:00 a.m
OPEN SESSION ADJOURNED: 10:22 a.m.

MEMBERS PRESENT:

Trustees: Douglas A. Green, Mark C. Long, Lee Anne Fontaine

Assistant Attorney General: Dennis Raterink, Debbie Taylor

Funds Staff: Richard Smith, Janice Remer, Allison Kelly & Beth VanElls

PRESIDING PERSON:

John W. Schrock, Funds Administrator

RESPECTFULLY SUBMITTED:

Beth VanElls, Executive Secretary

#	TOPIC	MOTIONS/SECOND/AMENDMENTS MEMORANDUMS/LETTERS	SUMMARY/RESULT
1.	Open Minutes from February 18, 2016 Trustee Meeting	February 18, 2016 Open Meeting Minutes Motion by Mark Long to approve the open minutes of February 18, 2016 as written. Doug Green supported.	Unanimous approval. Minutes approved.
2.	Financial Statements	November 2015 and December 2015 Financial Statements, including Delphi FY 2016	John Schrock explained there is nothing of significance to report.
3.	AAG/SAAG Litigation and Billing Reports	February and March 2016 General Litigation Reports and SAAG Billing Reports	Dennis Raterink explained there is nothing of significance to report. The Delphi case count continues to decline with the resolution of these cases. The case count is steady as compared to last year and the Attorney General office continues to handle cases internally. Dennis explained they have added a new attorney—Jason Welch—because Bill Denner transferred to a different section. Doug Green questioned whether there are any complaints related to the SAAG reimbursements.

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3.	AAG/SAAG Litigation and Billing Reports		Dennis wasn't aware of any issues. He further explained they rarely meet their contractual cap.
4.	High Profile Litigation Report	Report	Dennis Raterink explained the only high profile case is <i>Florian</i> (SDDF). Dennis explained the Court of Appeals granted the application for leave; he's unsure what their interest is in this particular case. He explained <i>Boyd Corrigan v New Page</i> could have also been included on this report as it is more of a priority case.
5.	2016 BOM & MCAC Outcomes	Report	Dennis Raterink explained the <i>Boyd Corrigan v New Page</i> is the last of the Trammel cases and will close out the Trammel issue. This case was delayed at the MCAC but ultimately affirmed in favor of the Funds.
6.	Redemption Activity: February 13 2016 – April 8, 2016	Redemption	John Schrock explained that Delphi cases continue to be steadily resolved.
7.	FAIS Rewrite	None	Rick Smith provided an update on the FAIS system project. The team is initiating the Cash Receipt System (CRS) user acceptance testing as this component is basically complete. A demonstration was shown to the staff and the staff provided positive feedback. The plan is to utilize the CRS component beginning May 1 to coincide with the beginning of the assessment cycle. The team has reviewed most of the claim module (claim and claimant information) portion and are also reviewing the claims reports. The benefit calculation component is also being reviewed and determination will be made how it will overlap with the Agency system. Currently a DTMB business analyst and two team members have been dedicated for this function. The initial analysis shows there is overlap between the two systems and the FAIS benefit calculation code will be able to be utilized for the Agency system rewrite. Mark Long explained the LARA directive to system rewrite is the agile approach in working daily with the developers and being provided a demo every couple weeks to track progress and make changes as needed. FAIS will have three different release versions as the project develops.

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8.	Delphi update	None	<p>Dennis Raterink explained that cases continue to be resolved on a regular basis. The voluntary payment cases have been reduced substantially and he anticipates this category will be resolved by the end of summer 2016. The largest category still remaining is the disputed cases; the attorneys aren't coming forward on the disputed cases. Dennis indicated these cases will have the least amount of exposure. Dennis provided an explanation to Leanne Fontaine of the different inherited categories from Delphi. Mark Long questioned if there has been any change in posture on the General Motors and Delphi cases and Dennis indicated it is still the same. On General Motors cases there was question as to the employer: Delphi or General Motors.</p>
9.	2015 OAG Audit		<p>John explained the audit is complete and very pleased with the timeliness of completion. John commended the Funds staff for their efforts. Also, some items that were required for the 2014 audit weren't required for the 2015, which helped expedite the process. There was a different OAG team this year and they indicated they hoped to be assigned for next years' audit also. Rick Smith explained the staff putting the reserves on the claims files were very consistent and the auditors had few inquiries.</p>
10.	House Bill 5513	None	<p>John Schrock explained the proposed statute change modifies one word: the audit period will be conducted on a <i>fiscal</i> year basis versus calendar year. Mark Long added that from an Auditor General and Finance standpoint, auditing on a fiscal year basis to coincide with the State's reporting period will simplify the process. This statute change was assigned to the Oversight and Ethics Committee and it simply hasn't come up yet as there more pressing issues to deal with.</p>

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11.	Policy Manual Update	Policy Manual pages 1-1 thru 1-9 and 8-1 thru 8-4.	<p>The Administration portion of the manual was changed to reflect the addition of Le Anne Fontaine as the new trustee representing the insurance industry. The Second Injury Fund/Dual Employment Provision portion of the manual was updated to allow Funds Administrator discretion related to layoff status and MSA's per discussion from the last trustee meeting.</p>
12.	2016 Assessment Recommendation	Memorandum dated April 11, 2016 to the Trustees from John W. Schrock, including attachments	<p>John Schrock gave an overview of SISF fund balance and projected 2016 administrative expenses and loss payouts. John projects a 3% assessment would provide sufficient funds to meet obligations with an adequate fund balance. Most Delphi cases will be resolved by the end of 2020. Mark Long questioned the change in net position from 2014 to 2015 and Rick Smith confirmed that it improved substantially. Doug Green questioned whether these numbers are supported by the actuaries and John confirmed they are due to Delphi legislation. He further explained that 2016 and 2017 are likely the only years where the additional .5% can be assessed on the self-insurers. Mark explained that in 2020 the group fund assessment will drop off, which accounts for approximately 8% of the SISF assessment. Doug Green recommended 3% is adequate to cover financial obligations for the SISF.</p> <p>Allison Kelly discussed the SIF and SDDF assessments and explained they are down from last year. She clarified she received all 2015 indemnity reporting from the insurers and self-insurers and estimates weren't used for 2016 assessments. The SIF and SDDF are statutory assessments and don't require a trustee vote. Mark Long explained the Agency is commencing the indemnity reporting for the next Lean Process Improvement project. The purpose of this project is to evaluate how the Funds Administration and the Claims Division of the Agency collect indemnity information from carriers and to streamline and improve this process and to ensure</p>

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12.	2016 Assessment Recommendation		that accurate information is being reported. Mark feels the Funds reporting is accurate but wants to coordinate with the Agency information being reported.
13.	Unpaid Assessments – Interest and Penalties	None	John Schrock explained Section 551 of the Act allows the Funds to assess penalties for untimely payment of assessments and wanted direction from the trustees on how aggressive should they should be in pursuing these penalties. This statute change was made in conjunction with the Delphi legislation. Currently there is only one outstanding 2015 assessment. There have been multiple phone calls made attempting to resolve payment of this particular assessment. Mark Long explained that historically 10% of assessments due are received late. A certified letter is sent to the insurer/employer 15 days after the due date. Mark questioned whether we should allow a grace period before imposing a penalty. It was decided last year not to pursue penalties as the assessments were called in separate cycles. Doug Green recommended sending a certified letter after the 15-day due date and if the assessment is still in nonpayment status after a specified period of time to follow up with a second letter imposing a penalty.
14.	Moved into Closed Session	Motion made by Doug Green to move into closed session to discuss issues of trial or settlement strategy with Council and attorney-client privileged documents. Mark Long supported.	Unanimous approval. Moved into closed session at 9:52 a.m.
15.	Closed Minutes from February 18, 2016	Motion by Mark Long to approve the closed minutes from February 18, 2016 as presented in closed session. Lee Anne Fontaine supported.	Unanimous approval
16.	Doug Green's appointment	None	Doug Green reminded the group that his appointment was up the end of the month and questioned if anything has transpired to renew his appointment. Mark Long indicated he will follow up with the Governor's appointment office.

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17.	Adjourn Session	Motion by Mark Long to adjourn the meeting. Doug Green supported.	Unanimous approval. Session adjourned at 10:22 a.m.

Douglas A. Green, Trustee Chair

Date

John W. Schrock, Funds Administrator

Date