



CIS

THE POWER OF INTERDEPENDENCE

Doing more together than we can alone

2016 Annual Report

2016 HIGHLIGHTS

CONTINUED TO COACH and provide training for large employers on Affordable Care Act reporting requirements for the 2016 calendar year.

WORKED ON SUCCESSFUL transition of prescription drug coverage for CIS/Regence members to Express Scripts.

NAMED ONE OF “TOP WORKPLACES IN OREGON” for third straight year.

PARTNERED with Lexipol and Oregon State Sheriffs’ Association to provide Lexipol grants and onsite trainings to corrections personnel. CIS also provided Lexipol grants to fire and police departments.

PRESENTED training to the Oregon Peace Officers Association (line officers) for the first time. Continued police trainings for supervisory and command staff.

PROVIDED intermediate and advanced-level management skills training to members at our Annual Conference and Spring Supervisor Training.

UNVEILED best practice tools and tips on FMLA/OFLA & Veterans’ Preference in hiring, and drug testing during our Fall Supervisor Training.

WORKED TO CONTROL litigation cost by restructuring positions to add a second Pre-Loss attorney to serve members.

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We are made for co-operation, like feet, like hands, like eyelids, like the rows of the upper and lower teeth. To act against one another, then, is contrary to nature.

MARCUS AURELIUS' statement in the first century still rings true in the 21st. Whether as individuals or as Oregon's local governments, we are made for cooperation. We have a fundamental understanding that we can do more together than we can alone.

The founders of CIS recognized that power of interdependence when they joined together 35 years ago to create this organization. They knew that success depended on sharing risk with their fellow cities and

counties, while taking responsibility to keep costs low by managing risk at home.

In this year's annual report, you'll find stories of CIS members demonstrating that the interdependent spirit that created CIS is still alive and well in Oregon today. I'm inspired by them, and proud to be part of a team that supports our members' collective efforts to bring their communities the best in coverage, risk management and service. On behalf of our Board of Trustees, thank you for your membership in CIS.

Lynn McNamara
Executive Director

CIS Leadership



Jeff Rasmussen *Chair 2015–16* **Scott McClure** *Chair 2016–17*

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CITY OF DALLAS AVOIDS LITIGATION

through Vision and Patience



RON FOGGIN *and* EMILY GAGNER

WHATEVER THE CIS 2017–18 rate increases turn out to be, know this: they would be higher, if not for the patience of **Ron Foggin**.

Foggin, the city manager of Dallas, stayed the course on a claim from hell, letting it play out to a successful conclusion and protecting all CIS members from higher costs. But doing so was a great challenge that clearly illustrates the pressure CIS members face as they balance running their organization with avoiding high-cost claims.

Dallas' saga began in October 2015 with a workers' comp claim out of its police department. It quickly became apparent that there was an employment liability component as well — not unusual in these cases. The claimant's family medical leave for another issue was running out, plus there

was an Americans with Disabilities Act (ADA) component. It wasn't clear when, or if, the claimant could return to work. And the police department was short-staffed in the meantime.

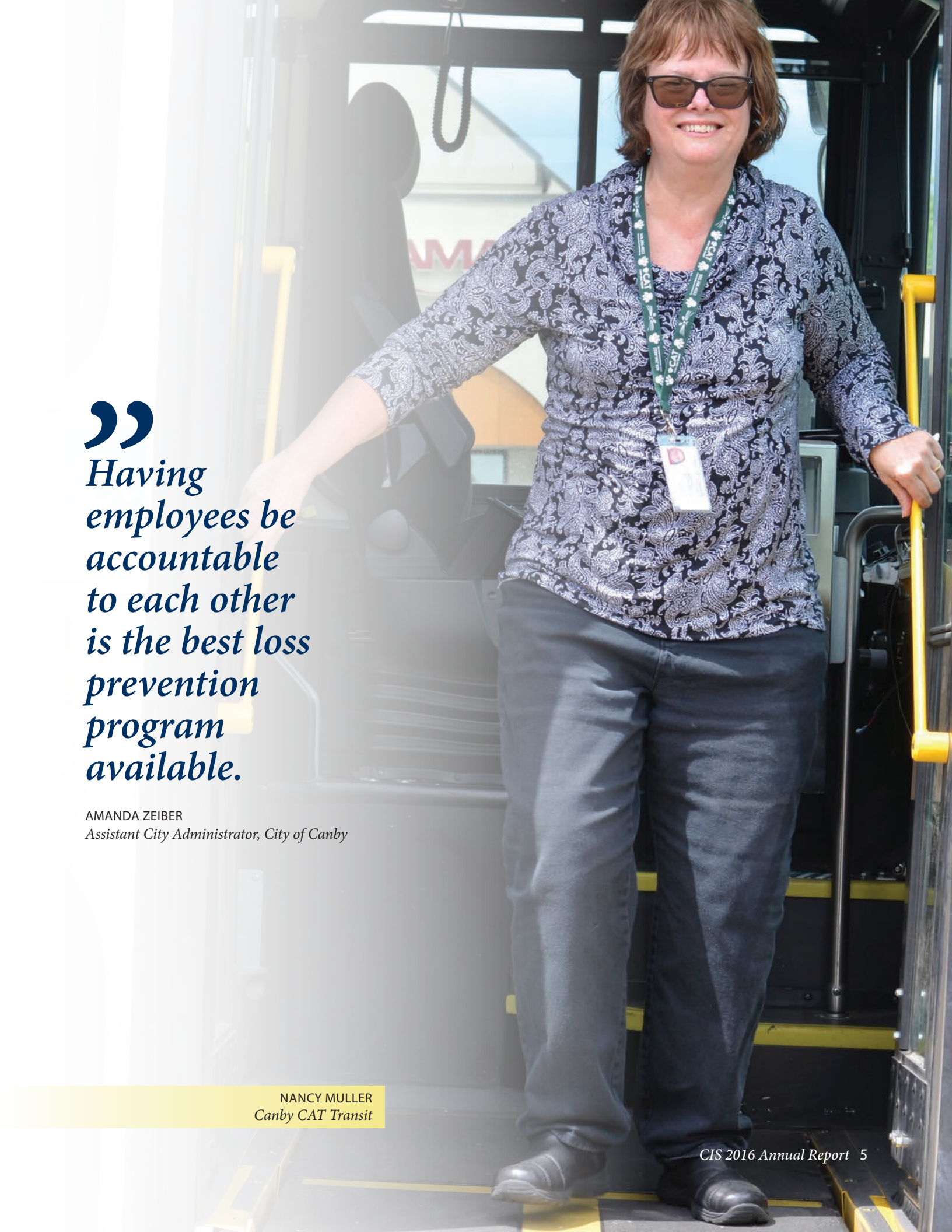
Adding to the challenge was a communication hiccup between CIS staff working with the City on the different aspects of the claim, leaving City officials with conflicting advice. Although that issue was quickly resolved, progress on resolution of the claim was slow. The workers' comp system runs on its own timetable, and any action by the City to change the employee's status in the meantime could trigger an employment claim.

But Foggin and Dallas Human Resources Manager **Emily Gagner** kept their cool, and followed CIS' advice, despite internal pressure to let the claimant go so the position could be filled. Making it even more challenging was the requirement for confidentiality; Foggin and Gagner couldn't discuss the worker's medical condition, leading to more frustration and speculation.

Finally, after light duty, vocational rehab and much negotiation, both the workers' comp and employment claims were completely settled in October, a year from the claim's start. The claim was expensive, but nowhere near what it would have been, had Dallas terminated the employee. The City's decision benefited every CIS member.

Waiting through the long process was the hardest, says Gagner. "We kept looking for a light at the end of the tunnel. It was there, but it was tiny for a very long time."

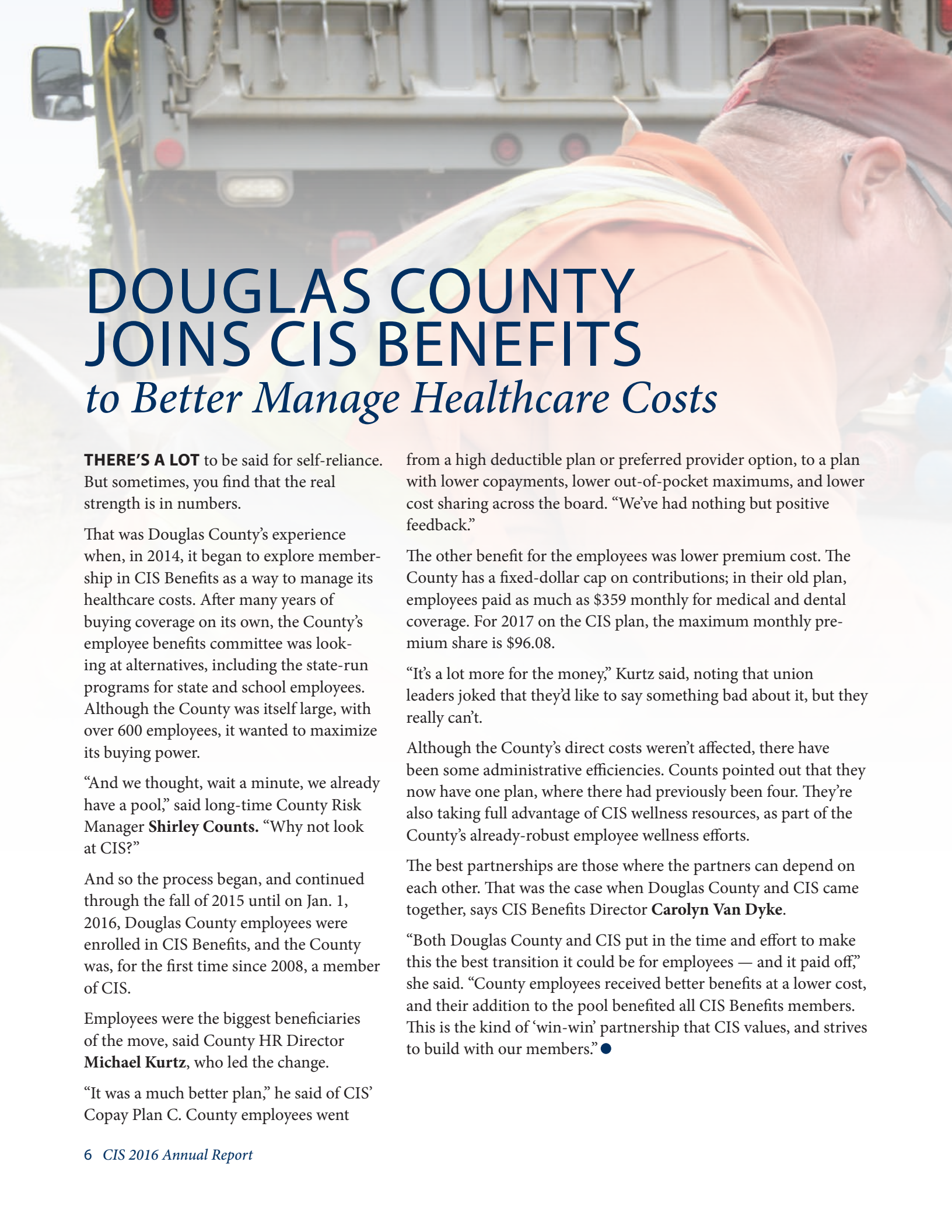
A champion of a strong safety culture, Foggin says this claim was the worst he's seen in 19 years of city management. "I've been to conferences and heard these stories, and I've thought, 'I would just fire them,'" he said. "It would have been easy to cave. I'm glad we didn't." ●

A woman with short brown hair and sunglasses is smiling and standing on the yellow steps of a transit vehicle. She is wearing a patterned long-sleeved shirt, dark pants, and a green lanyard with a badge. The background shows the interior of the vehicle and a building.

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*Having
employees be
accountable
to each other
is the best loss
prevention
program
available.*

AMANDA ZEIBER
Assistant City Administrator, City of Canby

NANCY MULLER
Canby CAT Transit



DOUGLAS COUNTY JOINS CIS BENEFITS

to Better Manage Healthcare Costs

THERE'S A LOT to be said for self-reliance. But sometimes, you find that the real strength is in numbers.

That was Douglas County's experience when, in 2014, it began to explore membership in CIS Benefits as a way to manage its healthcare costs. After many years of buying coverage on its own, the County's employee benefits committee was looking at alternatives, including the state-run programs for state and school employees. Although the County was itself large, with over 600 employees, it wanted to maximize its buying power.

"And we thought, wait a minute, we already have a pool," said long-time County Risk Manager **Shirley Counts**. "Why not look at CIS?"

And so the process began, and continued through the fall of 2015 until on Jan. 1, 2016, Douglas County employees were enrolled in CIS Benefits, and the County was, for the first time since 2008, a member of CIS.

Employees were the biggest beneficiaries of the move, said County HR Director **Michael Kurtz**, who led the change.

"It was a much better plan," he said of CIS' Copay Plan C. County employees went

from a high deductible plan or preferred provider option, to a plan with lower copayments, lower out-of-pocket maximums, and lower cost sharing across the board. "We've had nothing but positive feedback."

The other benefit for the employees was lower premium cost. The County has a fixed-dollar cap on contributions; in their old plan, employees paid as much as \$359 monthly for medical and dental coverage. For 2017 on the CIS plan, the maximum monthly premium share is \$96.08.

"It's a lot more for the money," Kurtz said, noting that union leaders joked that they'd like to say something bad about it, but they really can't.

Although the County's direct costs weren't affected, there have been some administrative efficiencies. Counts pointed out that they now have one plan, where there had previously been four. They're also taking full advantage of CIS wellness resources, as part of the County's already-robust employee wellness efforts.

The best partnerships are those where the partners can depend on each other. That was the case when Douglas County and CIS came together, says CIS Benefits Director **Carolyn Van Dyke**.

"Both Douglas County and CIS put in the time and effort to make this the best transition it could be for employees — and it paid off," she said. "County employees received better benefits at a lower cost, and their addition to the pool benefited all CIS Benefits members. This is the kind of 'win-win' partnership that CIS values, and strives to build with our members." ●

A person wearing a bright yellow safety vest with reflective silver stripes is working outdoors. They are holding a tool, possibly a wrench or a similar mechanical device, and appear to be focused on their task. The background is slightly blurred, showing some greenery and what might be a construction or maintenance site.

SAFETY: *Interdependence Writ Large*

Tillamook County Public Works

IF YOU WANT great examples of interdependence, look no further than workplace safety. Preventing workplace injuries depends on a combination of the right tools, policies, training, and supervision, plus employees' commitment to watching out for themselves and each other. Here are a few examples of how members and CIS depended on each other in 2016 to build a culture of safety and reduce claims:

SMALL CITIES, BIG NEEDS

In March, CIS Executive Director **Lynn McNamara** received an email that said, in part:

My job title is City Administrator for Condon, population 700 and total employees of 17 (when the pool is in operation, plus park and golf are being maintained), and my duties run from planning, payroll, AP, grants, to answering the phone and, at times, even having to pitch in and clean the bathrooms. We don't have enough hours to complete what is being taught at the conference or most CIS Risk Management classes.

Is there a chance that we could get a small city risk management class — basically called keeping us out of OSHA's hands?

The answer, of course, was 'yes.' In August, 42 member representatives took part in a webinar, "Safety Compliance for Small Entities," conducted by CIS Senior Risk Management Consultant **Adrian Albrich**. The training focused on the "must haves" for small cities, why they were important, and what resources CIS provides to its workers' compensation members for compliance. The webinar now resides in the CIS Learning Center for future viewing.



Safety isn't a glamor topic and people seem to think it is ho-hum until something happens, then everyone wants to know what to do.

We need to know this information and ... most of us just need to find out what works. Thanks for the class.

CIS RISK MANAGEMENT CLASS PARTICIPANT

INTERDEPENDENCE IN ACTION

Tillamook County has enjoyed great success with their participation in the Managing Oregon Resources Efficiently Intergovernmental Agreement. The innovative program promotes the cost-effective and efficient use of public resources between public agencies in Oregon. Since the County joined the program in 2008, they keep up to date with the latest safety products and methods that keep employees healthy and on the job.

"We invest in having personal protection equipment readily available to all of our employees," says **Jeanette Steinbach** of Tillamook County's Public Works Department. "They're seeing firsthand how much we value their on-the-job safety and they appreciate it."



From top-to-bottom, employee safety is a cornerstone of our entire organization.

WILLIAM SARGENT
Risk Manager, Tillamook County



CITY OF BANKS

Care about employee safety? Invest in accurate job descriptions

IT'S NEVER BEEN more critical to make sure that you have the right fit for the job. A big part of ensuring a good fit is to invest in quality job descriptions that include accurate physical capacity requirements. The benefits of having a validated analysis of a job's physical demands are far reaching, helping employers with issues related to the Americans with Disabilities Act (ADA), fit for duty, and workers' comp.

The City of Banks is one that took advantage of CIS' grant program for its workers' compensation and general liability members. The grant reimburses the cost of a professional analysis of the physical capacity requirements for up to five Public Works jobs. Says City Recorder **Angie Lanter**:

As a small city, we are always looking for opportunities to improve policies and procedures to benefit our employees and the City as a whole.

When we heard about the grant for Public Works Job Analysis that was being offered by CIS, we thought it would be a great opportunity to revise our job descriptions for our Public Works Staff and make sure we have everything up to date.

*CIS provided us with a list of vendors that provided Job Analysis services. We chose to go with **Doug Smith** with Career Directions Northwest. Doug has done a lot of job analysis work for other cities and counties.*

Doug met with our Public Works Staff one-on-one, and discussed day-to-day activities that they perform, and special situations that arise. He used that information to compile an Essential Function Job Analysis for each of our Public Works Department Job Descriptions. Doug met again with Public Works Staff to review and fine tune the Job Analysis.

This was a great opportunity for our staff to sit down and think about the functions of their jobs ... how much they lift, twist, bend, etc. It gave the employees some ownership in their job descriptions.

The staff at CIS was wonderful to work with through this process.

Thank you from the City of Banks! ●

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It seems unconventional for an insurance company to work so closely with their insureds. That's what makes CIS different! It makes a huge difference when we can find resources, knowledge and expertise all at one location.

SUELING GANDEE
Risk Manager, City of Hillsboro

CITY OF ALBANY *Teaming up on safety to improve results*

THE CITY of Albany takes its employees' safety very seriously. So when City Manager **Wes Hare** began seeing an increase in the number and severity of workers' compensation claims, he took action.

CIS provided Hare with an analysis of Albany's workers' comp claims and pinpointed their main issues. Albany's long-time agent **Steve Uerlings** joined the effort, surveying department heads and supervisors to determine what workers' comp loss control services they were getting, and what they needed. The results were presented to Hare and his key staff, and served as the backbone for a service plan.

Hare's plan began with a series of Workers' Comp 101 training sessions presented by CIS. He required each manager and supervisor to attend one session — and Hare personally introduced each one. By explaining what the survey results revealed, what the problem areas were, and how important it was for the staff to help improve the City's results, Hare instilled the appropriate urgency in the task at hand. ●

2016 BY-THE-NUMBERS

CIS Learning Center attracted **3,051** users who completed **9,050** online courses. The Learning Center now has **11,539** active users.

CIS' two "H₂R" employment risk management consultants made **151** visits to **90** members over the course of the year.

3,090 attendees received training on pre-loss, risk management, H₂R and benefits, by CIS staff. Trainings were held in person and via webinar.

90 Learning Plans were assigned by **45** members and completed by **414** employees.

7,002 employees completed the Open Enrollment process online.

Over **\$575,000** was reimbursed to Workers' Compensation members. The funds paid for Employer-at-Injury Program purchases, wage reimbursements, and CIS grants to get injured employees back on the job.

Risk Management consultants logged over **5,100** interactions with members either via email, phone, or in person.

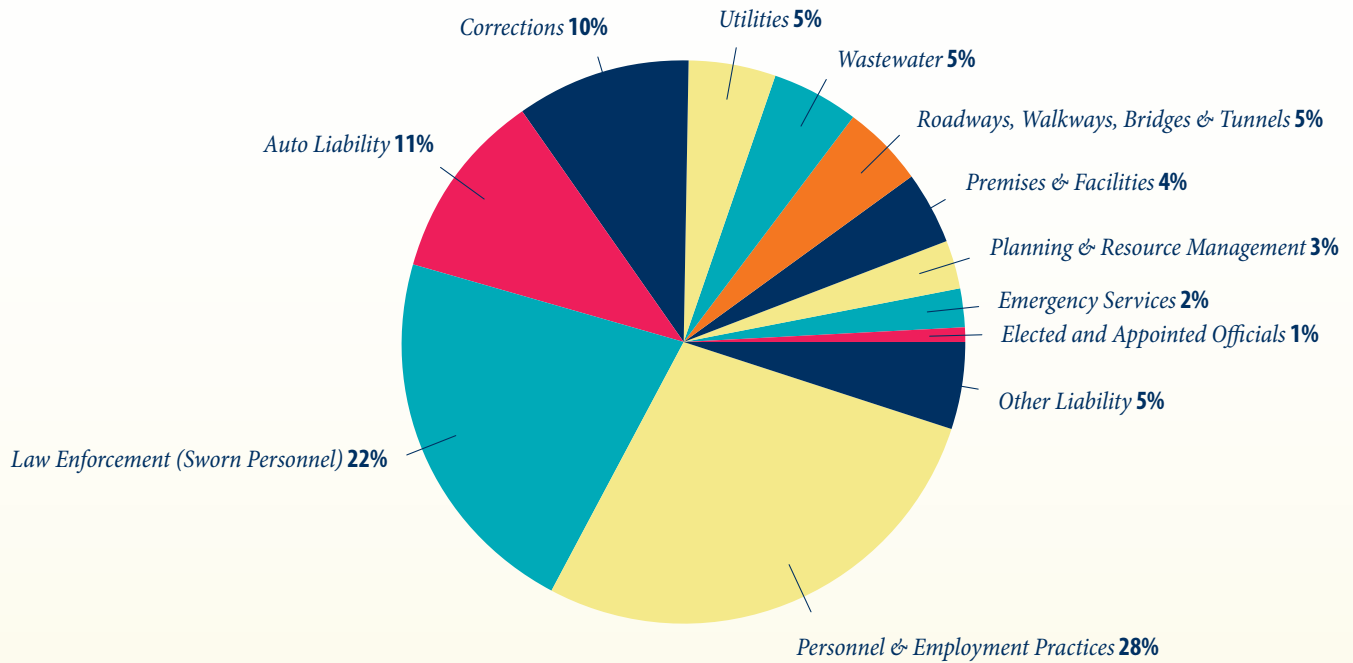
More than **1,700** new claims handled by the Property/Liability claims consultants and nearly **700** new claims handled by the Workers' Compensation team.

90 new lawsuits filed and a total of **\$4.6** million for defense costs.

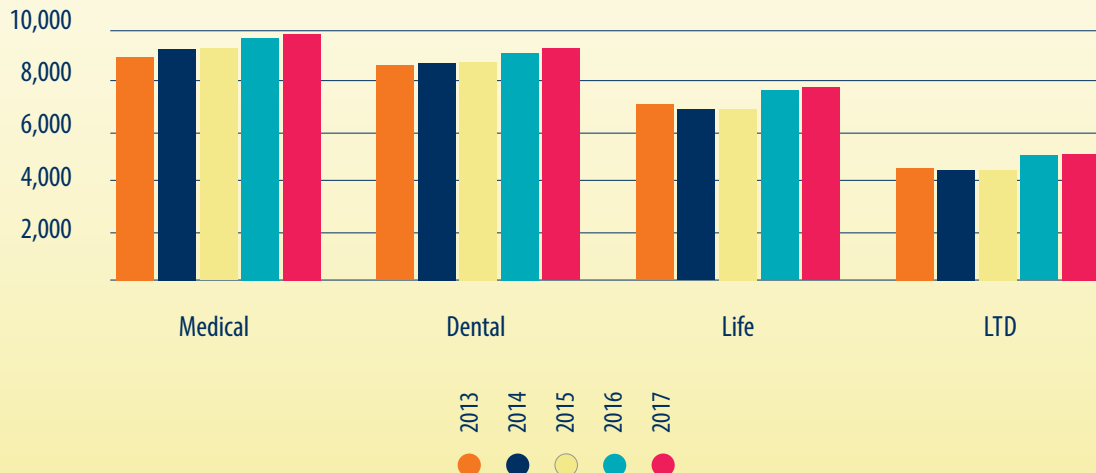
370 members and agents received training related to a wide variety of employment, risk management, and benefits topics at CIS' Annual Conference. An additional **81** members and agents registered for the live sessions that were broadcast from the conference.

2016 Claims & Benefits

Total Liability Claims FY 2012 through FY 2016,
as of June 30, 2016




Employees Enrolled in CIS Benefits 2013 through 2017





STATE MOURNS LOSS OF SEASIDE OFFICER

Supporting Seaside after tragedy



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*If not for CIS,
we would have
been really
struggling. It’s
just amazing
to think you
have somebody
covering you
like that.*

KIMBERLEY JORDAN
City of Seaside

LIKE MANY STAFF in CIS-member cities, **Kimberley Jordan** didn’t plan to be a risk manager. But when the long-time Seaside

HR Director retired at the end of 2015, the administrative assistant embraced her new role.

It was one of many roles she would have on the night of Feb. 5, 2016, when Seaside Police Sergeant Jason Goodding was shot and killed while apprehending a suspect. Her shock was more than that of a city employee who knows all the cops: Kim’s husband is a police officer who went to the scene of the shooting, and Sgt. Goodding and his wife Amy were their close friends.

About 2 a.m., as Kim waited for her husband to arrive at home, something kicked in, she said. In her City’s risk management role, she needed to call the Oregon Occupational Safety and Health Administration (OSHA), and make the required report of a fatality within eight hours of the death. And so report she did, avoiding a penalty of up to \$7,000 for the City and impressing the CIS staff with her presence of mind.

That night was just the start of two different webs of interdependence. The largest, of course, was the coming together of law

enforcement agencies across Oregon to mourn the man who would later be named Oregon’s 2016 Person of the Year. Cards came in to the City from all over, she said.

“You know how they say that the community comes together? The whole state came together,” said Kim. She particularly remembered a visit from a representative of the Fallen Badge Foundation, who had lost his own son five years earlier, to provide information about funds and services available to the Goodding family.

“You know you’re not alone ... at a time when you really don’t want to be alone,” she said.

The tragedy also triggered another round of interdependence, with CIS. Seaside has both its workers’ compensation and benefits coverage with CIS, and when she got to City Hall the next morning, Kim said she already had messages from Risk Management Consultant **John Zakariassen** and Workers’ Compensation Senior Examiner **Kathy Dickey**. Public Safety/Risk Management Officer **Dave Nelson** offered the \$2,500 CIS grant for the counseling required by SB 111 for first responders associated with a line-of-duty death, and the CIS Benefits team contacted Reliant Behavioral Health, the employee assistance program, and helped with filing the life insurance claim.

“CIS asked us for some basic information, and then didn’t put any more burden on us,” Kim said. “If not for CIS, we would have been really struggling. It’s just amazing to think you have somebody covering you like that.” ●

2016 Summary Financial Information

Consolidated CIS Assets, Liabilities and Net Position *As of June 30,*

	2016	2015
ASSETS		
Cash and Investments	\$ 174,430,221	\$ 166,760,553
Receivables	3,391,363	2,772,030
Deposits and Prepaid expenses	5,589,434	1,428,843
Other noncurrent assets	1,453,350	1,435,489
Capital assets, net	3,466,975	3,518,648
Net pension asset & related Deferred outflows of resources	847,379	1,538,906
Total Assets and Deferred Outflows of Resources	\$ 189,178,722	\$ 177,454,469
LIABILITIES		
Unearned contributions	\$ 3,587,281	\$ 4,161,057
Accounts & Accrued expenses payable	3,019,834	2,945,050
Claims liabilities — current portion	22,950,000	22,993,000
Claims liabilities — noncurrent	32,470,347	34,482,430
Net pension liability & related Deferred inflows of resources	3,775,137	2,155,658
Total Liabilities and Deferred Inflows of Resources	65,802,599	66,737,195
NET POSITION	123,376,123	110,717,274
Total Liabilities, Deferred Inflows and Net Position	\$ 189,178,722	\$ 177,454,469

Consolidated CIS Net Position by Trust *As of June 30,*

	2016	2015
CIS Property/Casualty Trust	\$ 30,874,868	\$ 25,236,225
Employee Benefits Services Trust	64,955,382	58,447,094
Association of Oregon Counties Insurance Trust	27,545,873	27,033,955
	\$ 123,376,123	\$ 110,717,274

2016 Summary Financial Information

Consolidated CIS Revenues, Expenses, and Changes in Net Position For the fiscal year ended June 30,

	2016	2015
REVENUE		
Member contributions	\$ 186,476,486	\$ 174,645,821
Investment and Other income	11,103,106	5,021,224
Total Revenue	197,579,592	179,667,045
EXPENSES		
Claims expense	126,666,280	134,341,363
Reinsurance expense	7,780,154	7,641,664
Ceded insurance	24,958,808	23,270,312
Acquisition costs	9,789,896	10,335,474
Administrative expense	15,725,605	11,289,333
Total Expenses	184,920,743	186,878,146
Total change in Net Position	12,658,849	(7,211,101)
Beginning Net Position — As originally reported	110,717,274	119,959,873
Prior Period Adjustments	-	(2,031,498)
Beginning Net Position — As restated	110,717,274	117,928,375
Net Position — end of year	\$ 123,376,123	\$ 110,717,274

The Summary Financial Information at June 30, 2016 has been derived from the Financial Statements with Independent Auditor's Report for the Fiscal Years Ended June 30, 2016 and 2015; which is readily available at <http://www.cisoregon.org/About/TrustDocs>. CIS' Financial Statements with Independent Auditor's Report is also filed annually with the Oregon Secretary of State-Audits Division and those filings are available at: <https://secure.sos.state.or.us/muni/public.do>. Search for government name starting with "CIS."

The Summary Financial Information is unaudited and does not contain all the disclosures, Management's Discussion and Analysis and other required supplementary information required by generally accepted accounting principles as established by the Governmental Accounting Standards Board who considers that information an essential part of financial reporting for placing basic financial statements in an appropriate operational, economic or historical context. Reading the Summary Financial Information at June 30, 2016, therefore, is not a substitute for reading the Financial Statements with Independent Auditor's Report for the Fiscal Years Ended June 30, 2016 and 2015.



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cisoregon.org

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