

LOCAL GOVERNMENT CENTER Summary of 2003/2004 Strategic Decisions

The Local Government Center (“LGC”) Board retreats in 2003 and 2004 focused on the organization’s strategic future, with the Board ultimately voting to use 1% of HealthTrust (sometimes “HT”) and Property-Liability Trust (sometimes “PLT”) contributions toward the expansion and enhancement of related services to HT and PLT members, including the establishment of a Workers Compensation program.

The theory behind the 2004 strategy is a long-term vision of integrated risk management and health management for employees. Through a combination of Workers’ Compensation programs, short and long-term disability benefits, and health benefits, LGC’s members (counties, cities, municipalities and school districts) essentially are financially responsible for the total health of the people they employ and their families. While traditional commercial insurance products are often segregated, LGC recognized that it was in the unique position to help its members take an integrated approach to the funding, claims management, and risk management related to total employee health. For example, training on proper lifting techniques or safe driving that might be done for the direct reduction of Workers’ Compensation claims also will help people avoid back injuries and car accidents off the job, thereby reducing health and disability claims and lost work. In sum, LGC envisioned a strong, viable Workers’ Compensation program to be an integral complement to the Health Trust coverage with a resulting benefit to the health and welfare of employees and their families and to the finances of LGC members and their taxpayers.

In addition to the Workers’ Compensation program, additional strategic priorities for the period 2004-2009 focused on the benefits and efficiencies of integrated risk management and administration for all of the LGC coverage pools and included: (1) enhancing the quality and competitiveness of the HealthTrust; (2) leveraging the overall financial strength of LGC to benefit all programs without creating additional risk; (3) integrating services across LGC’s coverage lines to increase efficiency and effectiveness; and (4) improving the ability of the newly-integrated Board to set comprehensive and consistent policies and of staff to implement those policies consistently.

Following the Board retreat in 2004, an implementation program was developed that highlighted marketing and education efforts along with the requisite addition of specialized staff. The following staff positions were added between 2005-2007 and are reflected in the Strategic Initiatives budget (reductions in the budget in subsequent years reflect the transfer of some positions to LGC’s regular operating budget):

- Staff Attorney: An attorney position was added to the Legal Department to allow greater outreach to individual members, including partnership with other organizations (such as the NH School Boards’ Association) to present workshops

and training to a broader audience. Furthermore, providing members with greater access to legal advice before an issue occurs reduces or eliminates potential claims.

- Program Administrator and Two Communications Program Associates in the Affiliate Group Services Program: These three positions were added to the Communications Department under an initiative to enhance strategic partnerships with affiliate groups by strengthening the training and education of those who work in local and school government (Affiliate Group relationships include the NH Municipal Management Association, NH Road Agents Association, NH Association of Assessors, and many others). LGC believes that its role as catalyst to improve the knowledge base and the sharing of best practices of municipal employees reduces or eliminates potential claims.
- Staff Accountant: This position was added to the Finance Department to handle NHRS Payment Processing. In 2005, LGC began to offer its members the option of direct billing for COBRA and retired employees. This position was added for the NHRS function (also in 2005, LGC engaged a computer consultant to set up the program and systems by which LGC could manage individual billing).
- Personnel Services Consultant: This position was added to the Human Resources Department to serve LGC members in an advisory capacity on personnel matters, perform external marketing to promote LGC's personnel services, and to provide consulting and technical assistance on other personnel matters (such as creating or updating personnel policies and procedures in light of increasing claims in the areas of ADA, FMLA, etc.). The employee serves as the primary contact for member personnel-related questions and concerns.
- Member Relations Executive and Member Relations Associate: These positions were added to the Member Relations Department to promote the new Workers' Compensation program, as well as unemployment and property-liability coverages to members who did not already have these coverages and to prospective new members (schools, counties, quasi-municipal groups). The strategy of growing Workers' Compensation membership and particularly school members in both Workers' Compensation and Property-Liability required expanding the marketing force with knowledgeable people who could transition potential new members to LGC by providing a level of comfort with our programs based on a history of reliable service. The addition of new members enhances the viability of the pools by allowing risks to be spread and managed across a larger population, and eventually will achieve the goal of self-sustainability for the Workers Compensation program.
- School Risk Management Representative: This position was added to the Risk Management Department to provide risk management services directly related to school needs. The expansion of coverage for Workers' Compensation and Property-Liability to school members created a need for a loss prevention representative with

experience and competencies in dealing with the nuances and unique claims coming from educational institutions.

- Account Representative: This position was added to the Account Management Department to respond to growth in the employee benefit coverage areas. As more groups took advantage of a one-stop organization to access coverages in all risk management areas (i.e., as the Strategic Plan became successful), growth in the groups selecting employee benefit coverages grew, requiring additional staff to handle enrollment and claims.

The Strategic Initiatives budget reflects typical operating expenses related to the addition of the above-mentioned staff, as well as capital expenses for equipment and vehicle leases. The legal expenses reflected in 2004 and 2005 largely related to developing a member agreement for LGC's school members.

The Strategic Initiatives budget also reflects the "co-location" of the New Hampshire School Boards Association with LGC according to a plan that expanded LGC's legal services to schools, including engaging a school attorney, co-sponsoring training events, and sharing policy development with LGC staff to assist in our risk and health management program.

Dated: December 8, 2009