

Annual Report to Members 2018



**County Technical
Services, Inc.**

*The Service Organization for
Colorado's County Governments*



Our Mission Statement

*To provide counties with alternative risk management
and other technical services that are
progressive, competitive, and cost-effective.*

2018 CTSI Board of Directors



President
Terry Hart (CWCP)
Commissioner
Pueblo County



Vice President
Darius Allen (CAPP)
Commissioner
Alamosa County



Secretary
Kevin Karney (CAPP)
Commissioner
Otero County



Treasurer
Randy Schafer (CHP)
County Administrator
Phillips County



Director
Steve Wadley (CWCP)
Commissioner
Archuleta County



Director
Mack Loudon (CHP)
Commissioner
Las Animas County



Table of Contents

Colorado Counties Casualty and Property Pool (CAPP)

Started in 1986

52 member counties

Insures \$2.5 billion of property,
6,388 vehicles, and revenues of
\$1.3 billion

\$66.3 million in equity and
interest returned to member
counties

Equity: \$13.4 million

County Workers’ Compensation Pool (CWCP)

Started in 1985

51 member counties

Insures 22,353 employees and
statutory volunteers with a
payroll of \$482 million

\$11.2 million in equity returned
to member counties

Equity: \$16.6 million

County Health Pool (CHP)

Started in 1984

68 public entity members

Covers 8,260 participants

Member equity used to
minimize contribution
fluctuation

Equity: \$10 million

Message from the CTSI President.....2

Message from the Executive Director3

CTSI4

CAPP8

CWCP 14

CHP 20

Loss Prevention 26

2018 Pool Members..... 35

2019 Boards of Directors 36



A Message from the CTSI President



Terry Hart
CTSI President

CTSI, the pools, and the 800 Grant Street Office Condominium Owners Association have finished the 2018 year's business functions and remain in excellent financial health. The audited financials and information presented in this annual report again support the unquestionable decision of commissioners to create the pools and CTSI to meet county insurance, management consulting, training and other centralized service related needs.

The pools were created over 30 years ago, to provide needed coverage for counties that was otherwise not available and to minimize the effect of insurance industry cycles and the subsequent adverse impact they had on members. The continuous improvement and development of CTSI and the pools has helped assure availability of required coverage and minimized the cost for member counties, allowing them to conduct their business with the assurance of adequate protection and support. Unprecedented commitment, involvement, and support from our members has been paramount in our ability to meet current and future requirements of providing the broadest, most cost-effective coverage possible despite the fluctuating insurance markets which customarily have left counties in an untenable position regarding necessary coverage at any cost.

As members, you are acutely aware that CTSI not only provides insurance products but also numerous other effectively-developed, high-value management, training, and consulting assistance programs for members. The continuing demands placed on county budgets and resources emphasize the importance of CTSI's centralized services as a major resource for members. As your county-owned organization, CTSI provides additional assistance to members through continuous education and assistance in the assimilation of new rules, regulations and requirements into county work processes, making CTSI an invaluable asset to members.

As with all organizations, we must continue to reinvent CTSI as your organization, to assure that it meets the future needs of members, I cannot emphasize enough the importance of your continuous commitment and participation as members in the operations and management of CTSI and the pools. The economy of scale regarding benefits and services provided to members by CTSI has produced results unparalleled by any other organization. I cannot think of a single county that has not benefited by having CTSI and their expertise available to them.

Again, I would like to reemphasize the importance of CTSI as your county service organization and thank you for your continuing support of both CTSI and the CTSI staff who work on your behalf. It is due to your unwavering commitment that we are successful in controlling the cost of services and insurance necessary for our county members' operations. Together we truly have established our organization as an irreplaceable asset.

Sincerely,
Terry Hart, Pueblo County
CTSI President



A Message from the CTSI Executive Director

The presentation of this annual report marks my last after thirty-one plus years working for the county organizations. As you are aware, John (Chip) Taylor will assume the duties of Executive Director going forward. It is with great pride in the management of your organizations that I can once again present the audited financials contained within this report, affirming that all your organizations were issued clean financial opinions for 2018. Member involvement in the management and operation of CTSI and the pools along with stable membership have produced the unparalleled success of these county owned organizations since their inception.

The commitment of members to pride of ownership and the “controlled privatization” concept, blending public sector control with private sector performance continues to produce extraordinary results for members regarding the services provided by your organizations and again verified by this report. During the 2019 renewal process, we succeeded in minimizing cost adjustments of most lines of coverage for our members. In addition, we increase limits when needed and provide coverage for new functions of member counties. Our commitment to continuous improvement means that we are constantly investigating ways to reduce the cost of insurance and ancillary services for members. The centralized purchasing power of the organization has significantly controlled member costs over acquiring services and functions independently. The reliance and utilization of CTSI services by members and nonmembers further demonstrates the tremendous value provided by your county-owned organization. The stabilization of costs and additional benefits the commissioners sought when forming CTSI and the pools has continued to produce a return of member equity to offset future insurance and value added services costs.

Thank you for your commitment, support, and participation in your county-owned organization; it has produced an unparalleled service organization for counties. It is through your continued use of prescribed risk management practices, centralized services, and associated training programs that we have collectively been successful in keeping current and future costs to a minimum. Working together, we have produced a consistent pattern of irreplaceable member benefits year over year. CTSI has unquestionably established itself as a tremendous asset that all members have come to expect and depend upon.

Sincerely,
Allen Chapman
CTSI Executive Director



Allen Chapman
CTSI Executive Director



Bob Campbell
Teller County



“The benefits of pool membership are evidenced every day in terms of cost savings, excellent customer service, effective risk management advice, and the professional processing of claims.”

County Technical Services, Inc., administers three county-owned, self-insured insurance pools and provides a multitude of technical, loss prevention, and consulting services to public entities throughout our state.

CTSI-Administered Self-Insurance Pools

CTSI had an excellent membership renewal in each of its insurance pools which include:

The Colorado Counties Casualty and Property Pool insuring the assets of 52 counties.

The County Workers’ Compensation Pool covering the workplace needs of county employees and statutory volunteers in 51 counties.

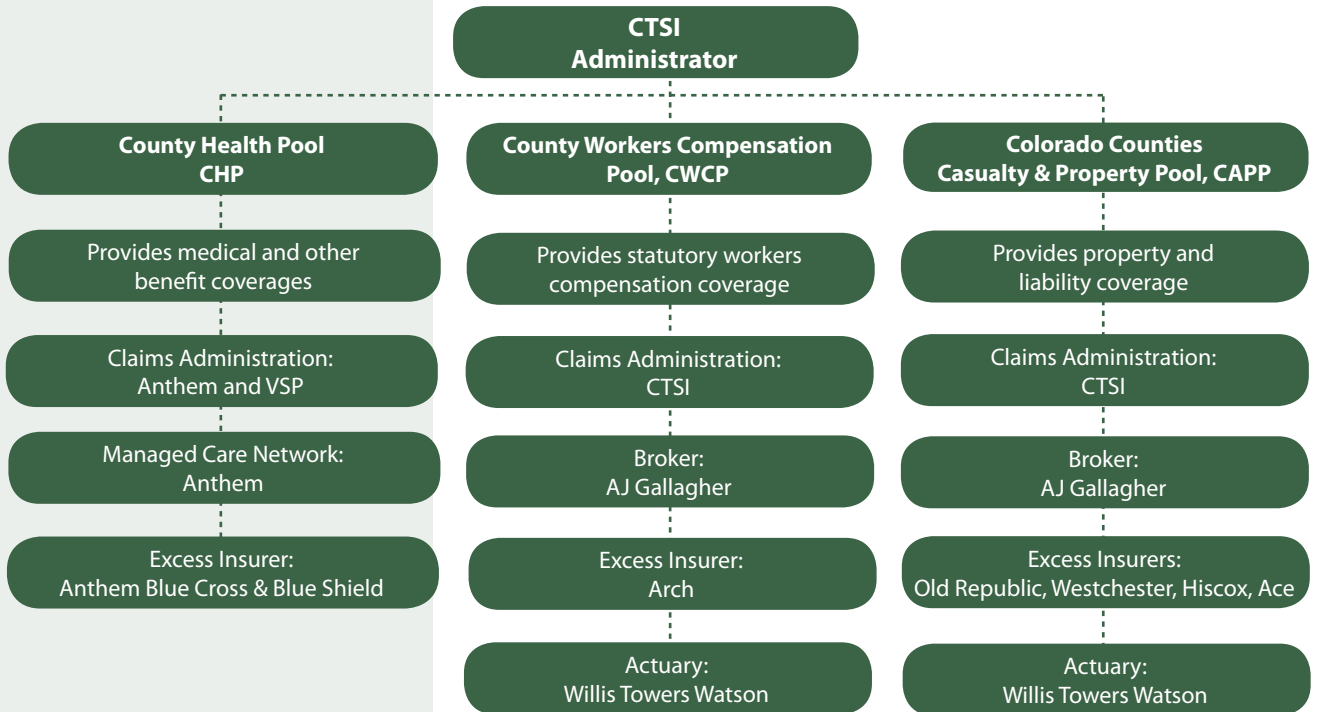
The County Health Pool which covers the healthcare needs of employees and their families for 68 public entities across Colorado.

Third-Party Claims Administration Services

CTSI provided third-party claims administration for the following:

Weld County Self-Insured Workers’ Compensation Program

Denver Water Self-Insured Program





CTSI
Audited Statement of Financial Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,350,008	\$ 1,388,201
Investments	3,624,961	3,482,935
Trade Accounts Receivable	111,973	133,171
Prepaid Expenses	10,395	14,319
Total Current Assets	<u>5,097,337</u>	<u>5,018,626</u>
PROPERTY AND EQUIPMENT		
Building	3,291,643	3,291,643
Land	500,000	500,000
Furniture and Equipment	317,675	317,675
Accumulated Depreciation	(1,908,672)	(1,781,544)
Property and Equipment, Net	<u>2,200,646</u>	<u>2,327,774</u>
OTHER ASSETS		
	1,653	2,176
Total Assets	<u>\$ 7,299,636</u>	<u>\$ 7,348,576</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 119,193	\$ 119,393
Accrued Vacation	88,872	78,872
TPA Deposits	85,000	85,000
Tenant Deposits	21,695	21,695
Total Current Liabilities	<u>314,760</u>	<u>304,960</u>
NET ASSETS		
Unrestricted	6,984,876	7,043,616
Total Liabilities and Net Assets	<u>\$ 7,299,636</u>	<u>\$ 7,348,576</u>

CTSI
Audited Statement of Activities
For the Year Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUES, GAINS AND OTHER SUPPORT		
Administration Fees	\$ 2,149,889	\$ 2,149,913
Claims Fee Revenue	1,703,159	1,702,542
Office Building Rents	508,381	534,195
Investment Income	71,332	93,098
Other	18,629	89,701
Total Revenues, Gains and Other Support	<u>4,451,390</u>	<u>4,569,449</u>
EXPENSES AND LOSSES		
Program Services		
Claims Processing	1,253,399	1,200,727
Loss Prevention	587,051	650,283
Administration	2,161,337	1,985,388
Office Building Operations	508,343	495,799
Total Expenses and Losses	<u>4,510,130</u>	<u>4,332,197</u>
CHANGE IN NET ASSETS	(58,740)	237,252
NET ASSETS, Beginning of Year	<u>7,043,616</u>	<u>6,806,364</u>
NET ASSETS, End of Year	<u>\$ 6,984,876</u>	<u>\$ 7,043,616</u>



Approximately 83% of all Colorado counties participate in one or more of the CTSI-administered pools.

CAPP credited \$1.5 million in earned equity to member county governments toward 2018 contributions.

\$770,000 of interest from CAPP's CTSI-managed investment portfolio was also credited toward 2018 contributions.

CHP's alliance with Anthem Blue Cross & Blue Shield resulted in rate increases of only 3% versus an industry average of 5-21%.

Only 9.8% of CAPP and 8% of CWCP contributions go to administrative overhead (excluding claims administration fees).

Only 7% of CAPP and 8% of CWCP member contributions go to claim administration fees.

CHP's administrative overhead is 10%, well below the industry average.

The lease purchase program continues to benefit many counties in their property and equipment procurements.

CTSI assisted counties with grant writing and project management as well as county administration services.

CTSI County Administration & Grant Services

Lake – Assist BOCC with county structure.

Cheyenne – Worked with BOCC on county structure.

Garfield – Worked with management on management issues.

Custer – Assist BOCC with organizational issues.

Lake – Assist BOCC with reorganization of administrative issues.

Saguache – Meet with BOCC and assist with management concerns.

Rio Grande – Work with administration on purchasing policy.

Washington – Evaluate department issues for the BOCC.

Logan – Assist with grant issues.

Saguache – Evaluate department for BOCC.

Alamosa – Meet with manager and BOCC on administration items.

Saguache – Assist BOCC on hiring process.

Lake – Assist with the writing of procurement policy.

Moffat – Assist with personnel and management concerns.

Hinsdale – Assist with financial structure issues.

Moffat – Review financial issues and job descriptions.

Washington – Review property insurance claim.

Custer – Assist the BOCC on airport issues.

Las Animas – Assist Manager with management issues.

Washington – Work with BOCC on budget issues.



Sarah Mudge
Lake County

“CTSI is incredibly responsive and proactive in the continued support they provide to Lake County. We are very grateful for this partnership to meet the tasks and demands of our small local government.”



800 Grant Street Office Condominium Owners Association

In 2001, CTSI acquired a commercial office building at 800 Grant Street, Denver Colorado, and uses it as the base of its operations.

During 2004, CTSI formed the 800 Grant Street Office Condominium Owners Association (the Association). The Association is incorporated as a not-for-profit corporation in the State of Colorado for the purposes of operating and maintaining the common property of the Association. The Association consists of seven office units and the adjacent parking structure which contains 120 parking spaces.

CTSI is the lessor for three and one-half condominium units leased to other companies.

As an association member, CTSI owns 86% of the condominium units of the Association.

800 Grant Street Office Condominium Owners Association Audited Balance Sheet December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	\$ 119,877	\$ 163,769
Deposits	-	2,500
Prepaid Expenses	<u>746</u>	<u>746</u>
TOTAL CURRENT ASSETS	<u>\$ 120,623</u>	<u>\$ 167,015</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	<u>\$ 21,338</u>	<u>\$ 14,382</u>
FUND BALANCES		
Fund Balance - Unrestricted	25,113	25,157
Fund Balance - Capital Reserve	<u>74,172</u>	<u>127,476</u>
TOTAL FUND BALANCES	<u>99,285</u>	<u>152,633</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 120,623</u>	<u>\$ 167,015</u>



The Colorado Counties Casualty and Property Pool (CAPP), which protects the assets of 52 counties throughout Colorado, is acclaimed as a national model for intergovernmental pooling.

100% of CAPP member counties renewed their membership.

CAPP members' equity was \$13.4 million at the close of 2018.

CAPP maintained low operating costs and returned \$1.5 million of its equity and \$770,000 of projected interest income to member counties as a credit toward 2018 contributions.

CAPP's 2018 excess property insurance rate increase by 45% with a 2.5% increase in property values.

For 2018 CAPP's excess casualty insurance rate decreased by 17% with a 5.6% increase in county revenue.

CAPP Board of Directors 2018



President/Comptroller
Darius Allen
Commissioner
Alamosa County



Vice President
Kevin Karney
Commissioner
Otero County



Secretary
Terry Hart
Commissioner
Pueblo County



Director
John Martin
Commissioner
Garfield County



Director
Rod Pelton
Commissioner
Cheyenne County



Director
Jim Zwetzig
Commissioner
Morgan County



Director
Sean Conway
Commissioner
Weld County



Jeff Rector
Rio Blanco County

"The CTSI staff should be very proud of the way they have managed the pools. I am honored to have been asked to serve on the 2019 CAPP Board of Directors."



CAPP
Audited Statutory Statements of Admitted Assets, Liabilities & Members' Surplus
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ADMITTED ASSETS		
Cash and cash equivalents	\$ 1,563,140	\$ 822,011
Investments	<u>21,252,390</u>	<u>23,167,106</u>
Total cash and investments	<u>22,815,530</u>	<u>23,989,117</u>
Due from self-funded counties	75,023	141,583
Accrued interest receivable	<u>125,822</u>	<u>153,960</u>
TOTAL ADMITTED ASSETS	<u>\$ 23,016,375</u>	<u>\$ 24,284,660</u>
LIABILITIES AND MEMBERS' SURPLUS		
LIABILITIES		
Reserve for losses and loss adjustment expenses	\$ 7,177,856	\$ 6,615,890
Reserve for unallocated loss adjustment expenses	658,886	781,370
Deposits held for self-funded counties	560,000	640,000
Surplus Distribution payable	1,250,000	1,500,000
Other Accounts Payable	<u>14</u>	<u>2</u>
Total liabilities	<u>9,646,756</u>	<u>9,537,262</u>
MEMBERS' SURPLUS	<u>13,369,619</u>	<u>14,747,398</u>
TOTAL LIABILITIES AND MEMBERS' SURPLUS	<u>\$ 23,016,375</u>	<u>\$ 24,284,660</u>

CAPP
Audited Statutory Statements of Income & Members' Surplus
 For the Year Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
UNDERWRITING INCOME		
Members contributions written	\$ 10,228,487	\$ 9,555,036
Excess insurance written	<u>(3,525,048)</u>	<u>(3,353,705)</u>
Net underwriting Income	<u>6,703,439</u>	<u>6,201,331</u>
UNDERWRITING EXPENSES		
Net losses and loss adjustment expenses incurred	4,957,479	4,137,846
Unallocated loss adjustment expenses incurred	613,968	785,106
Other underwriting expenses incurred	<u>1,071,415</u>	<u>1,066,594</u>
Total underwriting expenses incurred	<u>6,642,862</u>	<u>5,989,546</u>
UNDERWRITING GAIN	60,577	211,785
NET INVESTMENT INCOME	<u>448,221</u>	<u>552,504</u>
NET INCOME BEFORE RETURN OF SURPLUS	508,798	764,289
RETURN OF SURPLUS	(1,250,000)	(1,500,000)
MEMBERS' SURPLUS - BEGINNING OF YEAR	14,747,398	15,537,279
CHANGES IN NONADMITTED ASSETS	<u>(636,577)</u>	<u>(54,170)</u>



The property and liability claims unit ended 2018 with 472 open CAPP files. Of those, 204 are general liability claims in litigation or pre-litigation, 64 are auto liability, 147 auto physical damage claims, and 57 property claims.

Risk Management

Insurers are increasingly scrutinizing the management practices and policies of organizations they insure to limit exposure, particularly for employment practices claims. For CTSI-managed insurance pools, such scrutiny is all in a day's work, as staff proactively engages in risk management and loss prevention. Many years ago, the position of CTSI human resources specialist was created to specifically address this issue. Since then CTSI's human resources specialist has been available to counties to reduce the risk of legal action when it comes to their employment decisions.

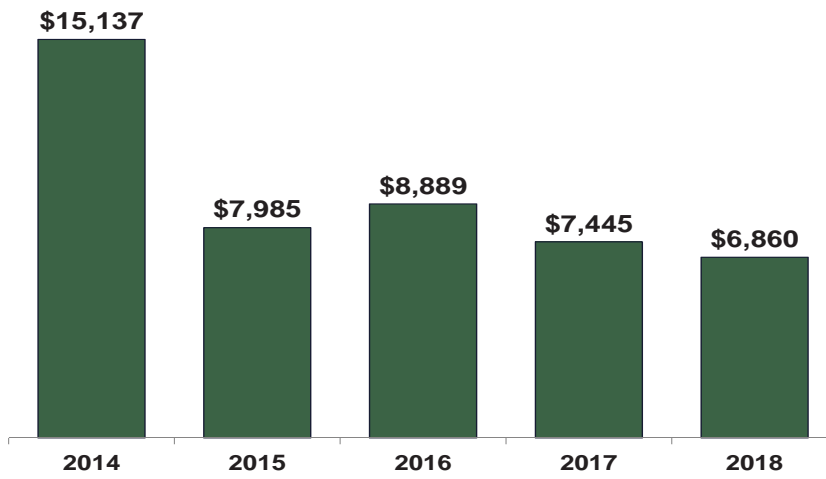
A highly experienced, expert team administers CAPP claims and responds quickly to legal actions. By funding for losses at conservative levels determined by our independent actuary, CAPP's loss reserves maintain financial stability.

The loss prevention team works with the CAPP claims unit to spot trends, so they can develop training classes and services to address issues affecting county liability exposures.

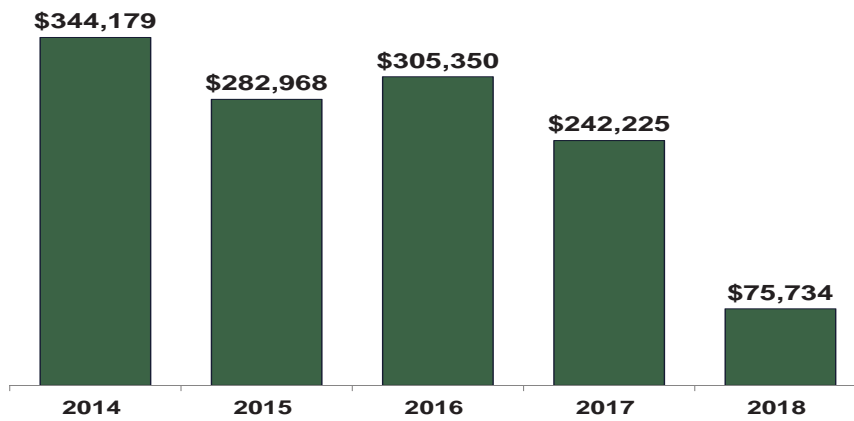
Policy Year	2014	2015	2016	2017	2018
Number of Members	52	52	52	52	52
Average Claim	\$15,137	\$7,985	\$8,889	\$7,445	\$6,860
Total Incurred	\$11,564,482	\$5,613,565	\$6,720,008	\$5,584,096	\$5,330,052
Number of Claims					
Auto Liability	139	114	127	114	127
Auto Physical Damage	272	262	297	305	316
General Liability	268	242	244	229	240
Property	85	85	88	102	94
Total	764	703	756	750	777



CAPP Average Cost Per Claim



CAPP Subrogation Recoveries





CAPP Financial Stability

CAPP remains financially sound and again this year received a clean opinion for the 2018 audit.

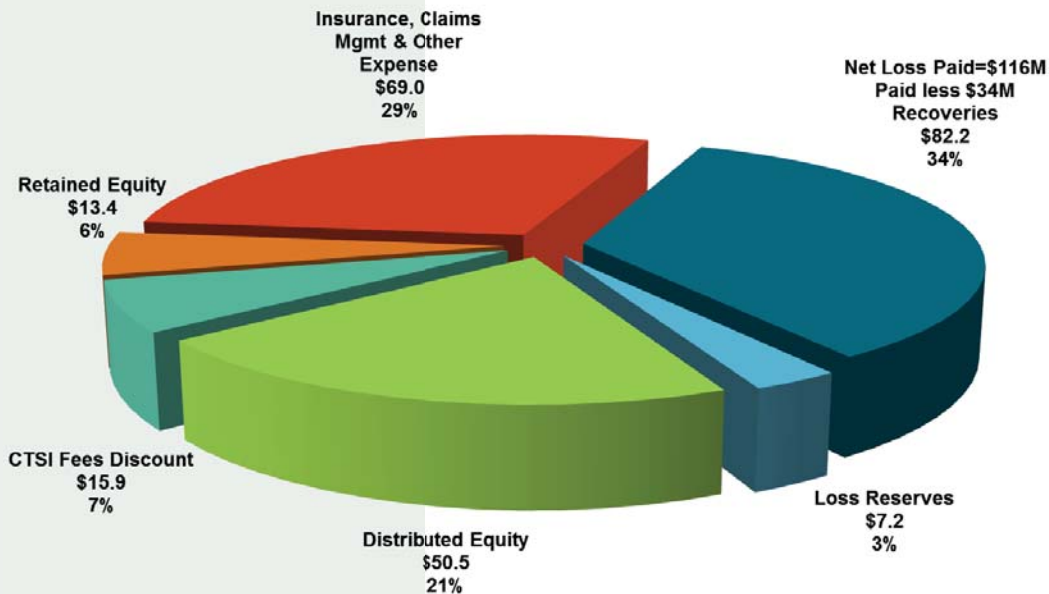
As of December 31, 2018, CAPP members' equity is \$13.4 million.

Return on Investment

CAPP members earn equity in funds not used to pay losses. The pool equity is used in the event of unexpected loss development, as well as providing a return on investment to members to offset future contributions. The overall return on investment from equity and projected interest income (both credited and retained) has been 35% since 1988.

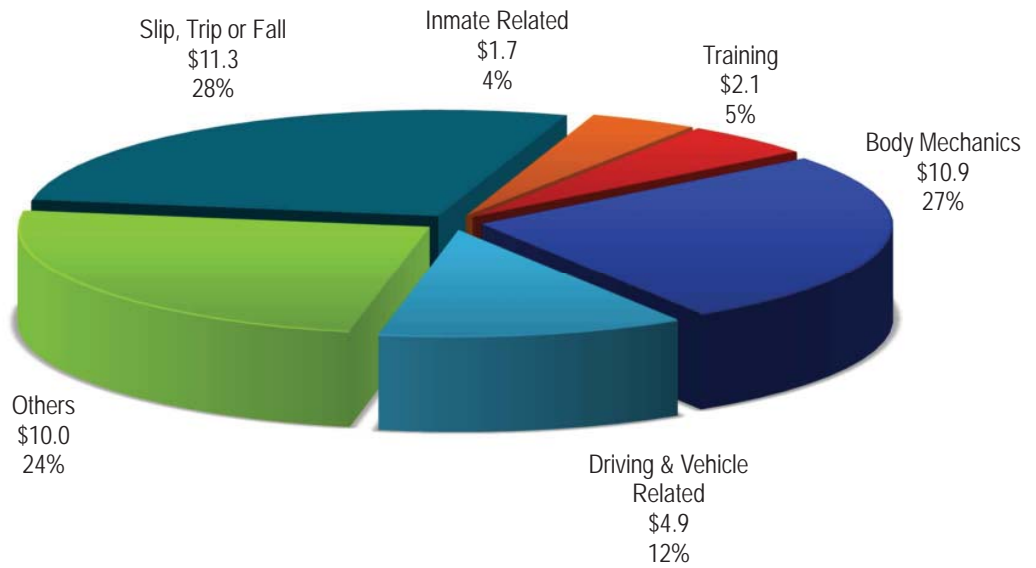
Since 1988, members have contributed \$238 million. CAPP has paid \$116 million in losses, recovered \$34 million of loss costs on behalf of members, returned \$50.5 million of earned equity to members, retains \$13.4 million in equity and \$7.2 million in loss reserves. \$69 million has been paid for excess insurance, claims administration, broker fees, and other pool expenses. Over \$15.9 million in projected interest income (CTSI fees discount) has been credited toward member contributions.

CAPP Total Contributions 1988 - 2018: \$238 million

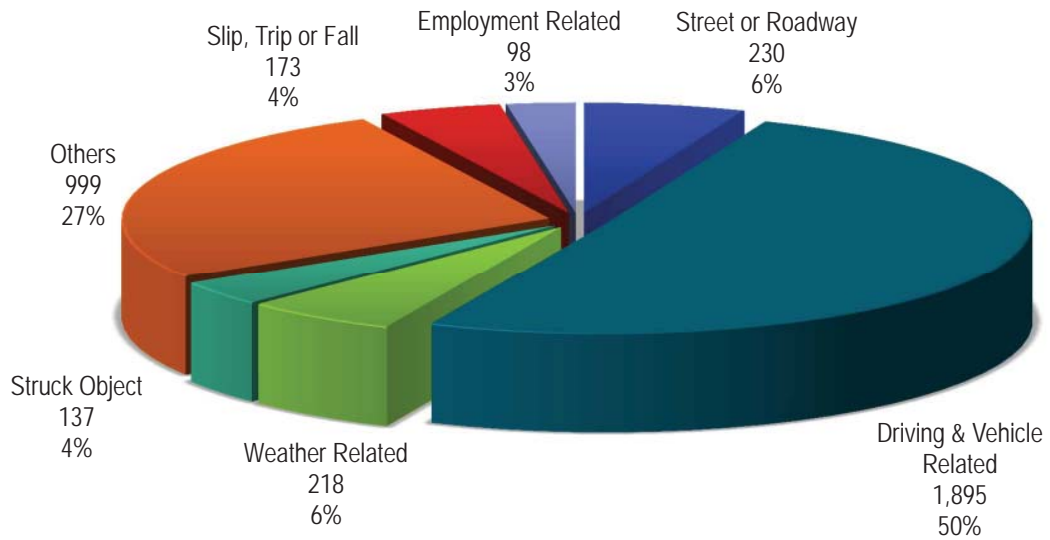




CAPP Severity of Claims
Total Dollars Incurred 2014 - 2018



CAPP Frequency of Claims
Total Number of Claims 2014 - 2018





The County Workers' Compensation Pool (CWCP) provided 51 counties with workers' compensation coverage for its county employees and statutory volunteers.

100% of CWCP member counties renewed their membership.

CWCP members' equity was \$16.6 million at the close of 2018.

CWCP's excess insurance rate increased by 5%.

CWCP maintained low operating costs and returned \$1 million of its equity toward 2018 contributions.

CWCP Board of Directors 2018

Steve Burgess
Lincoln County



"CTSI is always available when we have questions about insurance and personnel issues. They are a good partner to have in your corner."



President/
Comptroller
Terry Hart
Commissioner
Pueblo County



Vice President
Darius Allen
Commissioner
Alamosa County



Secretary
Steve Wadley
Commissioner
Archuleta County



Director
Dave Donaldson
Commissioner
Logan County



Director
John Sandoval
Commissioner
Conejos County



Director
Dave Paul
Commissioner
Teller County



Director
Ron Cook
Commissioner
Prowers County



CWCP
Audited Statutory Statements of Admitted Assets, Liabilities & Members' Surplus
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ADMITTED ASSETS		
Cash and cash equivalents	\$ 494,463	\$ 760,112
Investments	43,088,199	41,439,250
Total cash and investments	43,582,662	42,199,362
Due from self-funded counties	165,201	132,119
Accrued interest receivable	220,492	260,575
TOTAL ADMITTED ASSETS	\$ 43,968,355	\$ 42,592,056
LIABILITIES AND MEMBERS' SURPLUS		
LIABILITIES		
Reserves for losses and loss adjustment expenses	\$ 24,837,074	\$ 22,920,465
Reserve for unallocated loss adjustment expenses	820,039	824,590
Surplus distribution payable	1,402,306	1,141,243
Deposits held for self-funded counties	275,000	250,000
Accounts payable	-	42,788
Total liabilities	27,334,419	25,179,086
MEMBERS' SURPLUS	16,633,936	17,412,970
TOTAL LIABILITIES AND MEMBERS' SURPLUS	\$ 43,968,355	\$ 42,592,056

CWCP
Audited Statutory Statements of Income & Members' Surplus
 For the Year Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
UNDERWRITING INCOME		
Member contributions written	\$ 12,223,103	\$ 11,364,917
Reinsurance and excess insurance ceded	(975,044)	(897,877)
Total underwriting income	11,248,059	10,467,040
UNDERWRITING EXPENSES		
Net losses and loss adjustment expense incurred	9,965,191	10,424,677
Unallocated loss adjustment expense incurred	904,401	878,494
Other underwriting expenses incurred	756,276	758,815
Total underwriting expenses incurred	11,625,868	12,061,986
UNDERWRITING GAIN / (LOSS)	(377,809)	(1,594,946)
NET INVESTMENT INCOME	913,640	889,993
NET INCOME BEFORE RETURN OF SURPLUS	535,831	(704,953)
RETURN OF SURPLUS	(1,250,000)	(1,000,000)
MEMBERS' SURPLUS - BEGINNING OF YEAR	17,412,970	19,037,135
CHANGES IN NONADMITTED ASSETS	(64,865)	80,788
MEMBERS' SURPLUS - END OF YEAR	\$ 16,633,936	\$ 17,412,970



The workers' compensation claims unit ended 2018 with 464 open CWCP claims. Of those, 263 are indemnity claims and 201 are medical only claims.

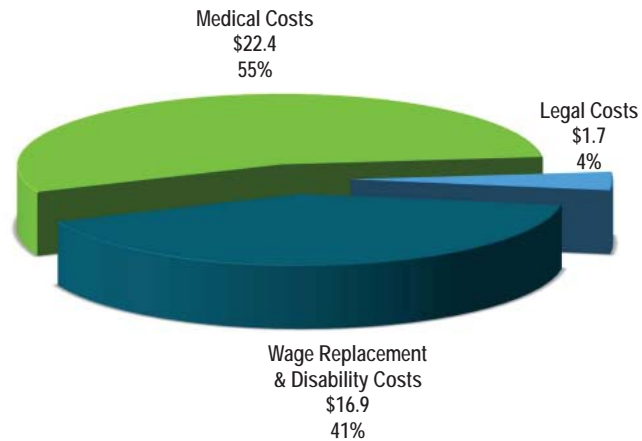
Effective Risk and Claims Management

CWCP offers affordable coverage to members and pro-actively engages in risk management and training which has proven effective in loss prevention and resulted in smaller premium increases for members.

To control costs, CWCP uses nurse case management to intervene quickly to ensure injured employees receive appropriate care. CTSI also assists counties in developing return-to-work programs and contingency plans for modified duties.

CTSI's integrated management policies and procedures mean sizeable cost savings on workers' compensation claims. CTSI's claims management facilitates injured employees' speedy recovery and return to work – whether to a fulltime or temporary modified duty assignment.

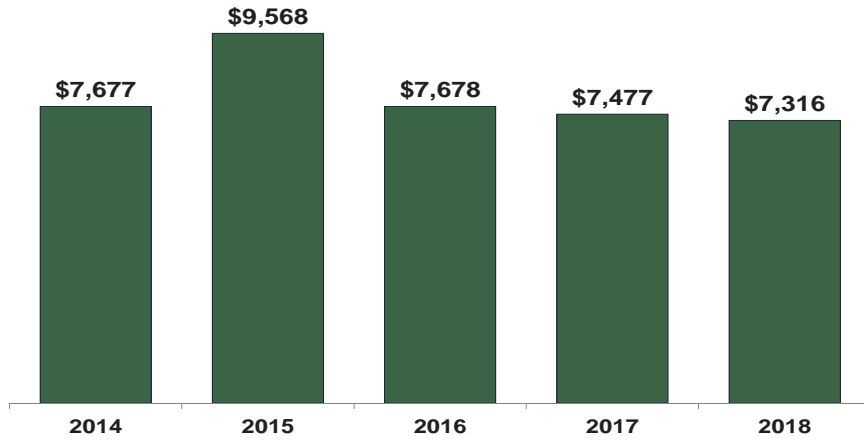
2013 - 2018



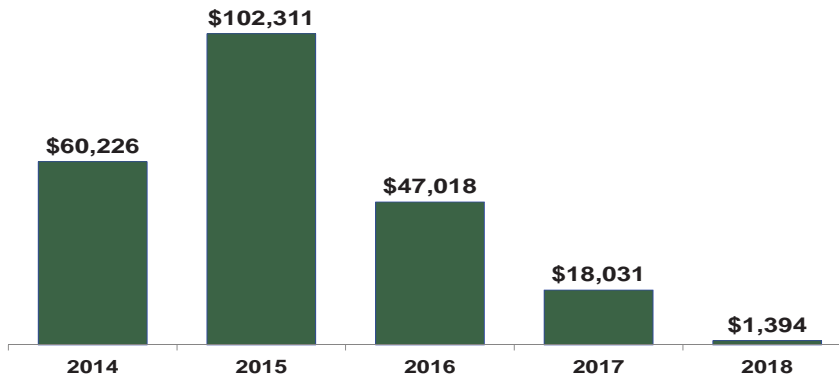
Policy Year	2014	2015	2016	2017	2018
Number of Members	51	51	51	51	51
Average Claim	\$7,677	\$9,568	\$7,678	\$7,477	\$7,316
Total Incurred	\$7,592,668	\$9,548,396	\$8,430,896	\$8,292,471	\$6,913,788
Number of Claims					
Medical Only	830	823	907	912	790
Indemnity	159	175	191	197	155
Total	989	998	1,098	1,109	945



CWCP Average Cost Per Claim



CWCP Subrogation Recoveries





CWCP Financial Stability

CWCP remains financially sound and again this year received a clean opinion for the 2018 audit.

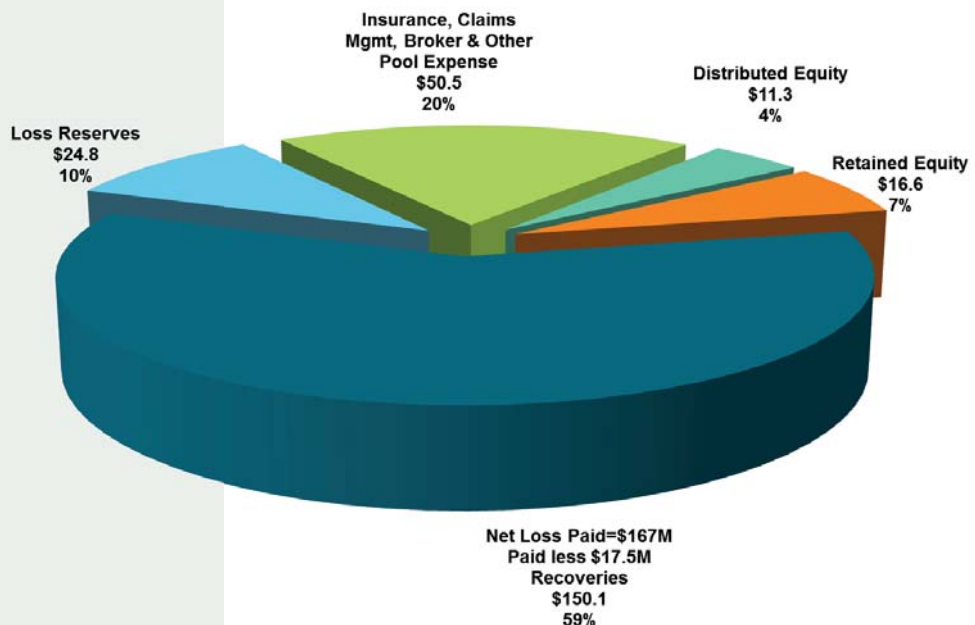
As of December 31, 2018, CWCP members' equity is \$16.6 million.

Return on Investment

CWCP members earn equity in funds not used to pay losses. The pool equity is maintained as a safety net to offset market swings and provide a return on investment to members to offset future contributions.

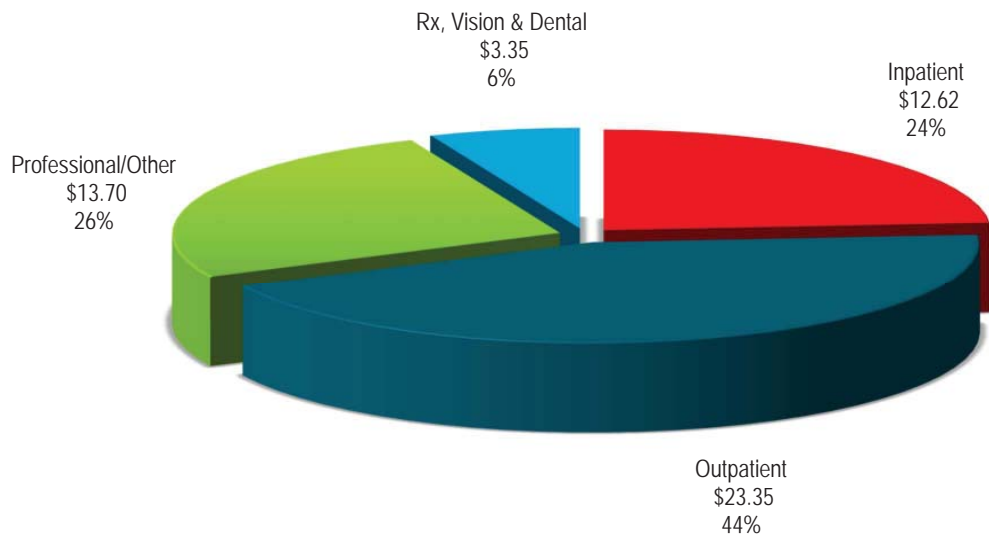
Since 1986 members have contributed \$253 million. CWCP has paid \$167 million in losses; recovered \$17.5 million of loss costs on behalf of members, returned \$11.3 million of earned equity to members, and holds \$24.8 million in loss reserves and \$16.6 million in retained equity. \$50.5 million has been paid for excess insurance, claims administration, broker fees, and other pool expenses.

CWCP Total Contributions 1986 - 2018: \$253 million

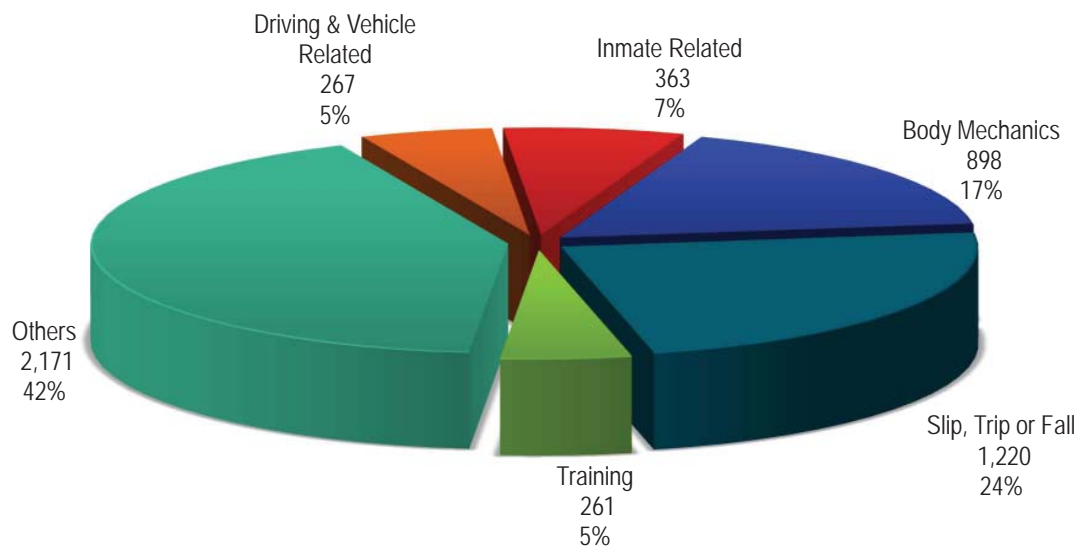




***CWCP Severity of Claims
Total Dollars Incurred 2014 - 2018***



***CWCP Frequency of Claims
Total Number of Claims 2014 - 2018***





For 2018, CHP had a minimal 3% rate increase, including prescriptions, compared to the national rate increase of 5% to 21%, which is for medical only.

CHP had a 0% rate increase for dental, vision, and life.

CHP members' equity was \$10 million at the close of 2018.

CHP maintained the same level of benefits for all plans – medical, dental, vision, and life, and added another medical option, HDHP compatible with HSA.

CHP increased efforts to market CHP to other local governments to assist all members by spreading the overall risk and cost over a larger base.

The County Health Pool (CHP) provides affordable healthcare coverage to 68 public entity members with 8,260 covered participants.

CHP Board of Directors 2018



President/
Comptroller
Randy Schafer
Administrator
Phillips County



Vice President
Darius Allen
Commissioner
Alamosa County



Secretary
Robin Wiley
Commissioner
Yuma County



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Keith Caddy
Commissioner
Montrose County



Director
Ray Garcia
Commissioner
Huerfano County



Director
Karla Shriver
Commissioner
Rio Grande County



Director
Mack Loudon
Commissioner
Las Animas County



CHP
Audited Balance Sheet
December 31, 2018 and 2017

ASSETS		
	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 3,385,416	\$ 2,947,203
Investments	14,042,087	13,203,242
Accrued interest receivable	70,255	59,696
Prepaid expenses	12,036	11,083
Deposits	16,490	16,490
TOTAL ASSETS	<u>\$ 17,526,284</u>	<u>\$ 16,237,714</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Claims payable	\$ 5,000,000	\$ 5,000,000
Accounts payable	1,135,281	1,010,887
Contribution Deposits	71,822	4,974
TOTAL LIABILITIES	<u>6,207,103</u>	<u>6,015,861</u>
NET POSITION		
Unrestricted	11,319,181	10,221,853
TOTAL LIABILITIES AND NET POSITION	<u>\$ 17,526,284</u>	<u>\$ 16,237,714</u>

CHP
Audited Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUE		
Contributions	\$ 58,683,712	\$ 55,995,413
OPERATING EXPENSES		
Claims, net of excess insurance recoveries of \$8,509,376 and \$10,896,282 in 2017 and 2016, respectively	43,781,846	42,245,801
Insurance premiums	10,010,839	8,438,654
Administration	3,887,098	4,037,490
Total operating expenses	<u>57,679,783</u>	<u>54,721,945</u>
OPERATING GAIN	1,003,929	1,273,468
NON OPERATING REVENUE		
Net investment income	93,499	182,015
INCREASE IN NET POSITION	1,097,428	1,455,483
NET POSITION - BEGINNING OF YEAR	<u>10,221,853</u>	<u>8,766,370</u>
NET POSITION - END OF YEAR	<u>\$ 11,319,281</u>	<u>\$ 10,221,853</u>



CHP Services

- Five PPO medical plan options
- Two HDHP/HSA medical plan options
- Organ and bone marrow transplant coverage
- Preventive benefits
- Prescription drug benefits
- Term life and AD&D benefits
- Optional vision coverage
- Optional dental coverage
- Optional dependent life insurance
- Optional supplemental life insurance coverage
- Unbundled coverage
- Dedicated customer service units
- COBRA and HIPAA administration
- Health fair benefit
- CDL physical benefit
- Educational training for members
- Webinars on health care reform

Affiliation with Anthem

CHP is a county-owned and county-operated healthcare insurance pool which in 2003 voted to affiliate with Anthem Blue Cross & Blue Shield to help provide a long-term solution to rising healthcare costs. CHP has a dedicated customer service and claims unit within Anthem that minimizes any problems that may arise as a result of claims processing which sets us apart from other health insurance carriers.

Education

CHP offers classes to help employees and their dependents be wise healthcare consumers. The training is modeled after loss-prevention training offered by other CTSI pools and provides information about CHP, loss analysis, the healthcare industry, trends, costs, and tips for understanding and maximizing use of the plans.

In addition, CHP provided multiple webinars regarding application and compliance of PPACA (health care reform).

Policy Year 2018	
Number of Members	68
Number of Claims	80,231
Cost of Claims	\$ 53,012,642
Average Member Claim Cost (PMPM)	\$ 422
Number of Claimants	13,707
Average Cost Per Claimant (Annual)	\$ 3,868



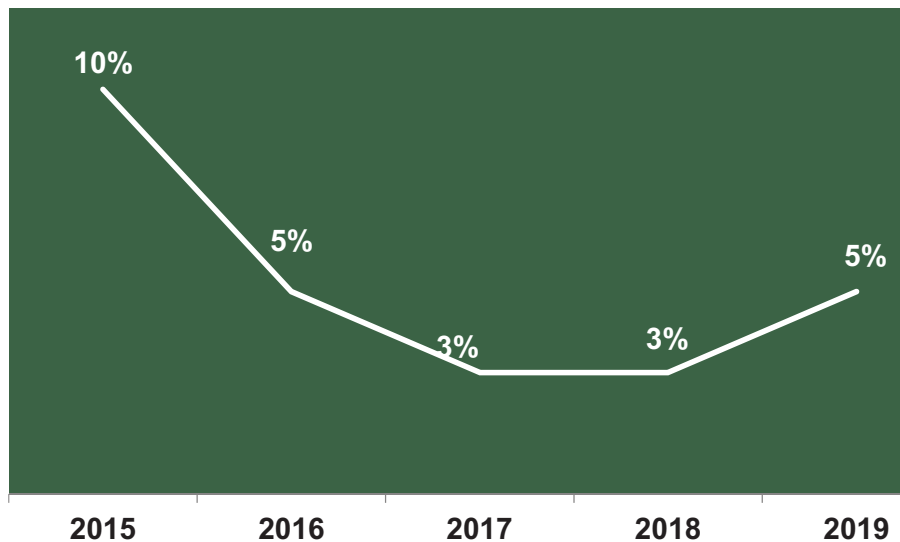
Cost Savings

CHP is the only county-owned health plan provider in Colorado with benefits, contribution rates, and coverage levels determined by representatives from member counties.

Pooling resources helps decrease costs of healthcare coverage which is crucial when a national survey projects healthcare increases of at least 11% to 14% (depending on groups and demographics) each year through the end of the decade, twice the Consumer Price Index.

The pool benefits members through equity growth which minimizes cost increases to members. CHP is exempt from the State Premium Tax on commissions, resulting in lower costs to members. CHP assists members with HIPAA and COBRA at no additional cost.

CHP Rate Trend (% of change over previous year)





Again this year, we have been effective in maintaining no rate increase in life, vision, and dental programs while maintaining the same level of benefit.

For 2019, the County Health Pool took only a 5.5% net medical/prescription increase, a 0% dental increase, and no increase in vision or life. This is well below the national average. CHP also maintained all current benefit plans and levels of coverage and modified all medical plans to be in compliance with PPACA regulations.

2019 Renewal and Insurance Industry Outlook

During the 2019 marketing process, the insurance industry was providing increases of 5 to 21% or more in overall health insurance rates. The rate increase was 30% plus when the Exchange is included. CHP's health insurance rate increased a nominal 5.5% for 2019 while maintaining its current rich benefit plans.

The excess insurance market was willing to continue to provide coverage for larger groups, such as CHP, but based upon increased expense and utilization, the costs continue to escalate even at the excess layer.

CHP members are continually rewarded by larger discounts when negotiating renewal costs for our ASO contract, network contract, prescription program, and excess insurance program since we have bundled them under Anthem.

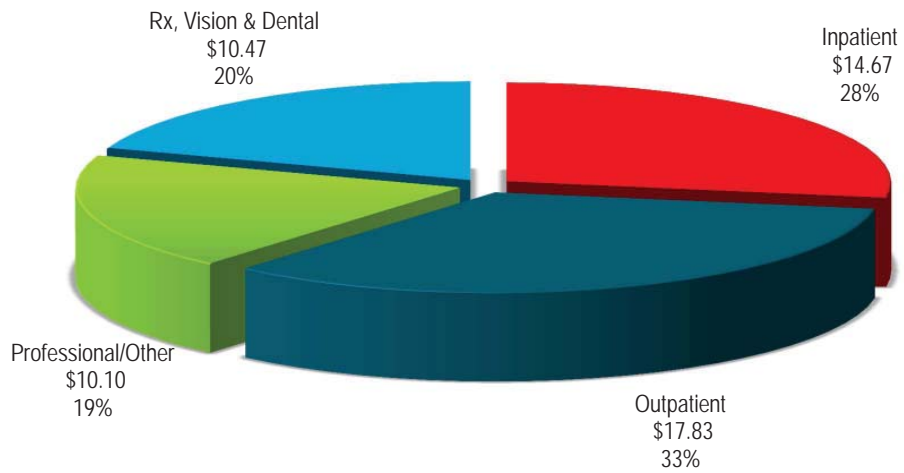
Unlike other health insurance carriers, CHP has been able to effectively control the terms and conditions of benefit coverage because the members own, operate, and effectively define their benefit programs.

For 2019, the CHP took a 5.5% overall increase, well below the national average. The CHP also maintained all current benefit plans and levels of coverage and modified all medical plans to be in compliance with PPACA regulations.

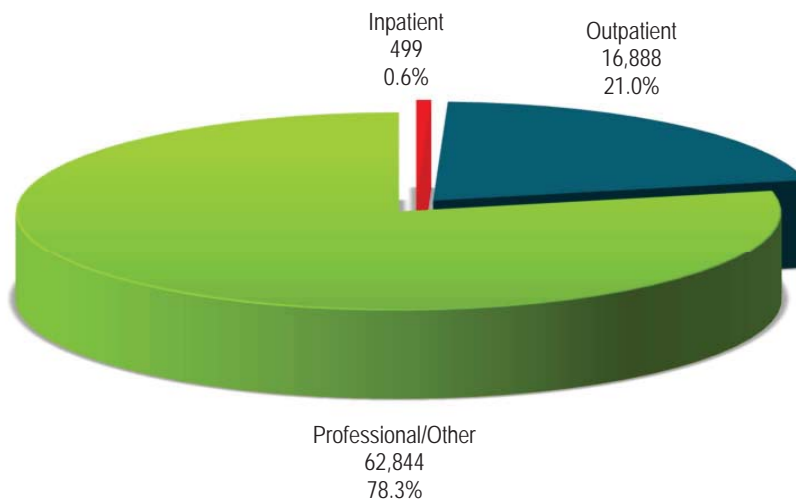
CHP continues to be the best choice for local governments in Colorado because the increased number of participants allows for sharing of costs of operation, cost containment efforts through multi-year contracts, and education and wellness management programs. CHP remains successful because it continues to be self-governed and controlled by its members which allows the members to continually define affordability of coverage each year.



***CHP Severity of Medical Claims
Total Dollars Incurred 2018 (in millions)***



***CHP Frequency of Medical Claims
Total Number of Claims 2018***





Loss Prevention

Goals & Objectives

The loss prevention team supports county personnel by:

Acting as a liaison between members and other CTSI staff.

Advising county supervisors on exposures and losses.

Creating uniform inspection checklists to ensure inspection continuity and consistency.

Developing specialized training programs targeting high frequency claims.

Disseminating information on loss prevention subjects.

Maintaining a reference library for members.

Participating in industry meetings and conferences.

Performing quarterly loss prevention inspections for various county departments.

Providing up-to-date information on rules, regulations and requirements.

Reviewing county policies and practices.

Training county contacts, trainers and loss prevention committees.

CTSI's loss prevention team provides high-quality, value-added services to Colorado counties that participate in the county-owned insurance pools. The loss prevention team helps counties reduce their exposure to loss while improving the safety and efficiency of their workplaces.

Benefits of CTSI Loss Prevention

Insurers analyze the effectiveness of county loss prevention programs in evaluating pools and determining coverage and rates. The CTSI Loss Prevention Team, comprised of three risk management experts and a human resource specialist, aims to help counties control insurance costs by preventing loss-causing events.

The team has expanded and upgraded its services to help minimize the risk of accidents and losses and keeps apprised of federal and state rules, regulations, and programs and helps member counties comply.

Safety Training

On-the-job safety is critical for county governments and their employees. CTSI offers more than 190 courses designed to improve safety. Some, such as CTSI's New Miner Training class, are federally-mandated to comply with Mine Safety and Health Administration (MSHA) regulations. MSHA requires all county employees who haul sand and gravel to document they have completed Experienced Miner or Newly Hired Miner training, which CTSI offers conveniently at no cost to its counties and at a reasonable cost for non-members.

Policy Review

CTSI works with counties to develop consistent and enforceable policies – whether it is holding employees accountable for their actions, carrying out effective retraining, or taking disciplinary actions when employees fail to meet performance standards.

Value-added services

CTSI's loss prevention team offers a range of classes that counties – on their own – generally could not afford. The team also helps counties create building and emergency evacuation plans, set policies, and draw up employee training plans.



Loss Prevention Services To Our Pool Members

- Presented 259 classes to 5,149 county employees.
- Performed 113 personal computer workstation ergonomic evaluations.
- Conducted 23 building audits and on-site evaluations and inspections.
- Attended 35 meetings.
- Presented the five-year loss analysis to BOCC of 53 counties.
- Presented the five-year loss analysis to 1 county sheriff.

Human Resource Services To Our Pool Members

- Presented 21 classes to 545 county employees.
- Performed 25 HR policy reviews
- Held 36 HR phone consultations.

Otero County Board of County Commissioners

“Historically, CTSI has been quick to meet all of our county needs. We are very satisfied members.”



Loss Prevention

CTSI Telephone Consultation

CTSI provides consulting and technical information on a variety of topics including, but not limited to:

- ADA compliance
- Blood borne pathogens
- Countywide coordination of policies and procedures
- Civil rights discrimination
- DOT regulations
- Drug testing policies
- Employee discipline and termination issues
- Employee manuals
- Facilities exposure
- FMLA regulations
- Harassment prevention
- Injuries and accidents
- Job descriptions
- Liability risks
- New construction review
- OSHA and MSHA regulations
- Payroll records and financial controls
- Record keeping procedures
- Safety problems
- Sexual harassment
- Privacy and document retention and deletion practices
- Employee use of social media

County Staff Trained on Required and Requested Topics

Civil rights, discrimination, and harassment prevention, MSHA refresher and new miner training, flagger certification, and coaching the experienced driver topped the 2018 list of most popular classes for CTSI.

In the HR area, civil rights, discrimination and harassment prevention, EEO compliance, and drug and alcohol awareness continued to be among the most frequently requested classes. Both new and experienced employees are required to have training in these topics, necessitating frequent update training.

With over 22,000 county employees and statutory volunteers insured by the county pools, keeping up with the training required by law on many topics requires a year-round effort involving everyone. CTSI helps keep your county on track by keeping records of all the classes given, the attendance reports, and how often and what topics are required to be given.

Webinars

CTSI is developing a series of on-line loss prevention webinars to enhance the risk management programs of our member counties. These webinars will be posted at www.ctsi.org as they become available.

Human Resources Consultation & Policy Review

The HR Specialist responded to requests for technical assistance, research, and loss prevention advice by phone or email.

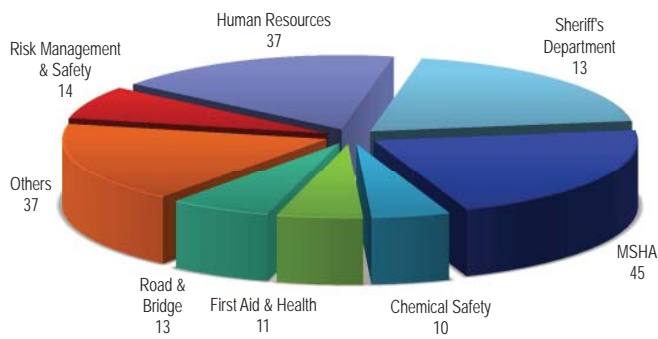
County and department policies are reviewed by the HR Specialist upon request by individual counties. With 52 CAPP member counties and multiple policies in each county, it takes a planned effort by each county to assure that all county policies stay current.

Salary Survey

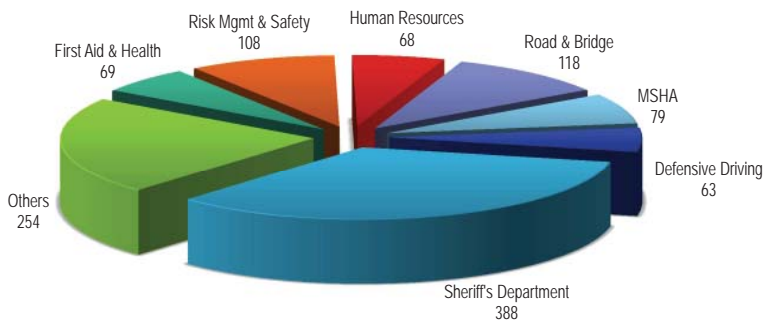
CTSI staff produces an annual salary survey for county pool members. The 2017 report covered 29 counties, 61 position benchmarks, and over 4,500 pieces of data. The amount of data and number of county participants makes it a very accurate source for comparing other salary surveys to the CTSI salary survey.



CTSI Film Library Online Films



CTSI Film Library All Films



Media resources

CTSI's loss prevention team maintains an extensive reference and video library of more than 200 books and 1,000 videotapes, CDs, and DVDs, available at no cost to member counties covering a variety of loss prevention topics.

Many of these same DVDs are available online at www.ctsifilms.org.

The loss prevention team encourages member counties to use the library as a tool to decrease exposure to loss-causing risks.



The CTSI Loss Prevention Team

Human resources classes are always well-attended and this year was no different with 1,883 employees attending 79 classes covering subjects such as civil rights, harassment prevention, workplace violence, workers compensation, and ADA to a name a few.

The MSHA refresher courses on mine safety and new miner training were also popular with the team presenting 68 classes to 1,466 county employees.

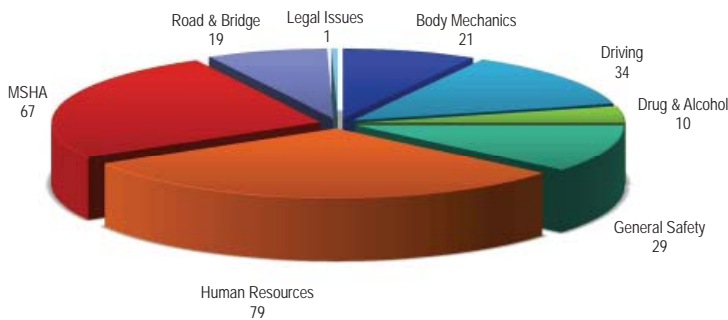
Flagging classes for road and bridge are very popular. CTSI certified 277 employees during 18 classes.

With high losses in the area of driving, more than 559 employees attended one of the 34 classes related to improving their driving skills.

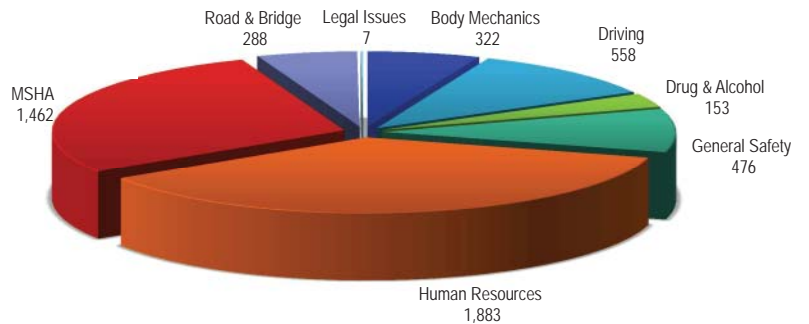
In all, the loss prevention team presented 260 classes to 5,149 county employees, all in an effort to reduce claims before they had a chance to happen.

The CTSI Loss Prevention Team provides high-quality, value-added services to help member counties reduce exposure to loss while improving the safety and efficiency of their workplaces. CTSI loss control services make a difference.

Number of Classes by Topic

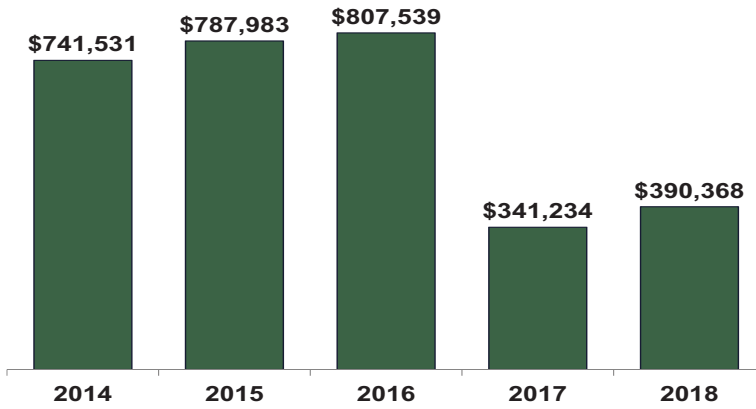


Number of Attendees by Topic

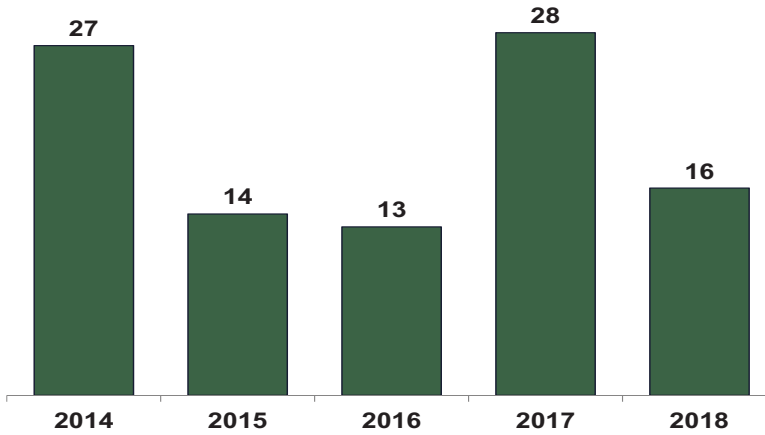




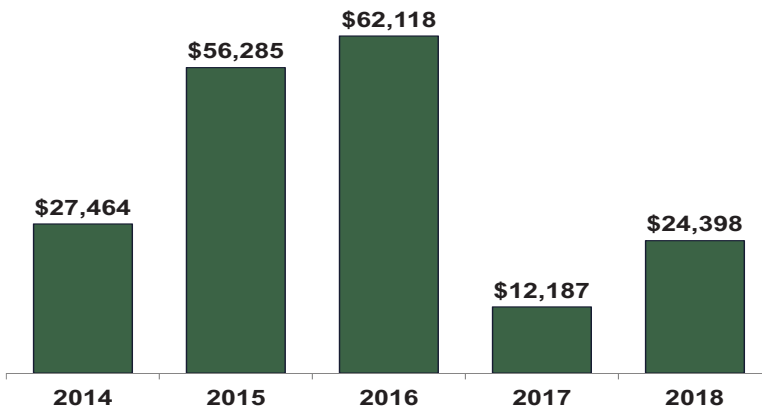
CAPP Employment Claims – Total \$ Incurred



CAPP Employment Claims – Number of Claims



CAPP Employment Claims – Average \$ Incurred





Loss Prevention

Loss Prevention Claims Analysis

CAPP and CWCP loss analysis reports help the loss prevention team and member counties to target high-frequency and high-severity claims. The loss prevention team can then help counties improve their work sites to prevent claims. CTSI's loss prevention team also conducts audits to help identify loss-causing processes. The team concentrates on auditing work areas and work processes, plus various maintenance and construction processes.

CAPP Loss Analysis – 2018 Claims

Claim Type	
Frequency	Severity
1 Auto Physical Damage	1 Property
2 General Liability	2 Auto Physical Damage
3 Auto Liability	3 General Liability
4 Property	4 Auto Liability
Accident Type	
Frequency	Severity
1 Driving & Vehicle Related	1 Weather Related
2 Driving-Backing	2 Driving & Vehicle Related
3 Driving-Struck Animal	3 Employment Related
4 Street or Roadway	4 Driving-Backing
Cause	
Frequency	Severity
1 Auto Collision	1 Property
2 Auto Liability-Property Damage	2 Auto Collision
3 Property	3 General Liability-Civil Rights
4 General Liability-Bodily Injury	4 Auto Comprehensive



CWCP Loss Analysis – 2018 Claims

Claim Type	
Frequency	Severity
1 Temporary Total or Temporary Partial	1 Medical
2 Medical	2 Temporary Total or Temporary Partial

Accident Type	
Frequency	Severity
1 Slip, Trip or Fall	1 Slip, Trip or Fall
2 Body Mechanics	2 Driving & Vehicle Related
3 Inmate Related	3 Body Mechanics
4 Driving and Vehicle Related	4 Inmate Related

Injury Type	
Frequency	Severity
1 Strain	1 Strain
2 Contusion, Bruise	2 Fracture
3 Laceration	3 Multiple Injuries
4 Contagious Disease	4 Sprain

Body Part	
Frequency	Severity
1 Multiple Body Parts	1 Multiple Body Parts
2 Hand	2 Shoulder
3 Knee	3 Knee
4 Back	4 Ankle

Cause	
Frequency	Severity
1 Other Person Confrontation	1 Vehicle
2 Bodily Motion	2 Other Person Confrontation
3 Ice, Snow, Sleet	3 Bodily Motion
4 Vehicle	4 Heavy Object



Loss Prevention Classes Held

Accident & Incident Investigations for Supervisors
ADA Awareness
ADA Awareness Briefing
Backhoe & Trenching
Bloodborne Pathogens
Body Mechanics
CDL Driver Files
CDL Drug and Alcohol Awareness
CDL Qualifications, Files & Requirements
CDL Supervisor Drug and Alcohol Recognition
Civil Rights, Discrimination and Harassment Prevention
Civil Rights, Discrimination, Harassment and Retaliation (Managers)
Coaching and Documentation
Coaching the Emergency Vehicle Operator-Ambulance III
Coaching the Emergency Vehicle Operator-Police
Coaching the Experienced Driver III
Colorado Government Immunity Act
Dealing with Difficult People
Disaster & Emergency Preparedness
Drug and Alcohol Recognition for Supervisors
First Aid with Stroke Briefing
Flagger Certification
Hand and Power Tool Safety
Handling Cleaning Chemicals Safely
Hazard Awareness & Body Mechanics
HIPAA Privacy and Security
Lifting and Back Safety
Managing Supervisors Liability
Managing Workers' Compensation & Modified Duty
MSHA Annual Refresher-8 Hour
MSHA New Miner Training-24 Hour
Office Ergonomics for Supervisors
PC Workstation Ergonomics Group Briefing
Sexual Harassment Prevention Briefing
Slips, Trips, and Falls
Social Media, Social Etiquette and Work Communication
Stress Management
Supervisory & Management Briefing
Supervisory Skills I
Supervisory Skills II
Workers' Compensation for Supervisors
Workplace Violence Prevention
Workplace Violence Prevention for Supervisors
Workstation Evaluation Essentials



Thank you for your commitment to excellence

CAPP Members

Alamosa	Lake
Archuleta	Las Animas
Baca	Lincoln
Bent	Logan
Chaffee	Mineral
Cheyenne	Moffat
Clear Creek	Montrose
Conejos	Morgan
Costilla	Otero
Crowley	Ouray
Custer	Park
Delta	Phillips
Dolores	Prowers
Eagle	Pueblo
Elbert	Rio Blanco
Fremont	Rio Grande
Garfield	Routt
Gilpin	Saguache
Grand	San Juan
Gunnison	San Miguel
Hinsdale	Sedgwick
Huerfano	Summit
Jackson	Teller
Kiowa	Washington
Kit Carson	Weld
La Plata	Yuma

CWCP Members

Alamosa	Lake
Archuleta	Las Animas
Baca	Lincoln
Bent	Logan
Chaffee	Mineral
Cheyenne	Moffat
Clear Creek	Montezuma
Conejos	Montrose
Crowley	Morgan
Custer	Otero
Delta	Ouray
Dolores	Park
Eagle	Phillips
Elbert	Prowers
Fremont	Pueblo
Garfield	Rio Blanco
Gilpin	Rio Grande
Grand	Routt
Gunnison	Saguache
Hinsdale	San Juan
Huerfano	San Miguel
Jackson	Sedgwick
Kiowa	Summit
Kit Carson	Teller
La Plata	Washington
	Yuma

CHP Members

Alamosa County	Kremmling
Archuleta County	Lake County
Aspen Springs	Lake Dillon Fire & Rescue
Baca County	Lake Durango Water Authority
Buena Vista School District	Lake Fork Health Authority
Busk Ivanhoe Water Authority	Lamar
CCI staff	Las Animas County
Cheyenne County	Leadville
Cheyenne Wells	Lincoln County
Copper MT Cons Metro	Logan County
Custer County	Lone Cone Library District
CTSI staff	Milliken
Denver SE Water & Sanitation	Mineral County
Dillon	Minturn
Eagle Cty Charter Academy	Montrose County
Eagle Health Services	Morgan County
ECCOG	NECALG
Elbert County	NWCCOG
Elbert County	Norwood
Library District	Ouray County
Georgetown	Phillips County
Hinsdale County	Pine River Irrigation
Hinsdale School District	Prowers County
Hot Sulphur Springs	Pueblo Reg. Bldg Dept
Huerfano County	Red Cliff
Ignacio School District	RFTA
Jackson County	Rifle
Johnstown	Rio Blanco County
Keefe Memorial Hospital	Rio Grande County
Kiowa County	San Miguel County
Kit Carson County	Sedgwick County
Kit Carson Health Services	Sedgwick Health Ctr
	Sterling
	Superior
	Walden
	Washington County
	Yuma County



CTSI Board of Directors 2019

President
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Commissioner
Pueblo County

Vice President
Darius Allen (CAPP)
Commissioner
Alamosa County

Treasurer
Robin Wiley (CHP)
Commissioner
Yuma County

Secretary
Sean Conway (CAPP)
Commissioner
Weld County

Director
Ray Garcia (CHP)
Commissioner
Huerfano County

Director
Steve Wadley (CWCP)
Commissioner
Archuleta County

CAPP Board of Directors 2019

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Commissioner
Alamosa County

Vice President
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Commissioner
Weld County

Secretary
Terry Hart
Commissioner
Pueblo County

Director
John Martin
Commissioner
Garfield County

Director
Chris Richardson
Commissioner
Elbert County

Director
Jim Zwetzig
Commissioner
Morgan County

Director
Jeff Rector
Commissioner
Rio Blanco County

CWCP Board of Directors 2019

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Pueblo County

Vice President
Darius Allen
Commissioner
Alamosa County

Secretary
Steve Wadley
Commissioner
Archuleta County

Director
Jane Bauder
Commissioner
Logan County

Director
Bob Campbell
Commissioner
Teller County

Director
Ron Cook
Commissioner
Prowers County

CHP Board of Directors 2019

President/Comptroller
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Commissioner
Huerfano County

Vice President
Darius Allen
Commissioner
Alamosa County

Secretary
Robin Wiley
Commissioner
Yuma County

Director
Keith Caddy
Commissioner
Montrose County

Director
Gene Glover
Commissioner
Rio Grande County

Director
Tony Hass
Commissioner
Las Animas County

Director
Paula Weeks
Administrator
Kit Carson County



Our History

County Technical Services, Inc. and the pools it administers are the outgrowth of county commissioners from across Colorado uniting in the mid-1980s to face the turbulent times when commercial insurance company premiums spiked upward and county insurance policy cancellations were the norm.

They sought answers, and in 1984 found the solution: to pool their resources and form three county-owned self-insurance pools administered by the risk management department of Colorado Counties, Inc. The County Health Pool (CHP), the County Workers' Compensation Pool (CWCP), and the Colorado Counties Casualty and Property Pool (CAPP).

After eight successful years of pool administration, the county commissioners liked what they were seeing as owners of three top-notch insurance pools. With that, they decided to expand the services they were receiving to include a vast array of technical and financial services for counties. The result was that CTSI was incorporated as a separate county-owned and operated entity in 1992.

Today, beyond its insurance, risk management, and loss prevention roots, CTSI has expanded its services to offer expertise to counties in such areas as:

Human Resources

Third-Party Claims Administration and Consultation

Grant Writing

Centralized County Administration

Financing Alternatives

Specialized Coverages and Programs

Training, Education, and Regulatory Compliance

CTSI's Board of Directors is comprised of elected officials and county-government staff from throughout Colorado. The board keeps up with trends and gauges the needs of county governments so CTSI can respond quickly to Colorado's changing insurance and public-policy landscape.

CTSI provides such cutting-edge services and other benefits while holding administrative costs to less than half the industry average. Most of CTSI's services are available to member counties at no additional costs; non-members are welcome to use CTSI services on a fee-for-service basis.

County Technical Services, Inc.

Helps counties with their day-to-day insurance and loss-prevention needs.

Is there when a loss occurs, providing guidance, expertise, a helping hand, and a calming voice.

On behalf of the county pools, negotiates competitive excess insurance rates, broker fees, and other outside service provider fees using the clout of its member counties.

As not-for-profit governmental entities, the pools' and CTSI's equity belongs to its members.

Provides third-party claims and loss prevention services to outside entities thus lowering the county member costs for CTSI services.

Acts as the change agent for members and continually develops programs and services needed to accommodate the changing landscape of county government.



County Technical Services, Inc.
800 Grant St., Suite 400
Denver, CO 80203
(303) 861-0507
www.ctsi.org