



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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**AS APPROVED**

To: Local Government Self Insurance  
Health and Welfare Advisory Board

From: Don Johnsen  
Local Government Self Insurance Program

Subject: Health and Welfare Advisory Board Meeting Minutes  
May 10, 2007 meeting

**HEALTH AND WELFARE BOARD MEMBERS PRESENT**

Sharon Dehaan	City of Everett
Ruth Hultengren	King County
Dennis Julnes	Office of Insurance Commissioner (OIC) (teleconference)
Richard Rodruck	Public Utility Risk Management Services (PURMS)
Ruth Russell	University Place Schools
James Trefry	WA State Council of County and City Employees/AFSCME
Don Johnsen	Local Government Self Insurance Program (LGSI)

**HEALTH AND WELFARE BOARD MEMBERS ABSENT**

Irene Eldridge	Service Employee International Union Local 925 (SEIU)
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**CALL TO ORDER**

Meeting called to order approximately 10:25 a.m due to traffic delays.

**APPROVAL OF PREVIOUS MEETING MINUTES**

October 12, 2006 Board meeting minutes were reviewed and approved.

**BOARD MEMBER NEWS/ISSUES DISCUSSION**

Sharon Dehaan discussed City of Everett's self insured employee health benefits plan redesign. For the first time, nearly all employees are on same plan with deductibles and copays. Utilization is down and 2006 program financials improved. City facing significantly increased revenue shortfalls due to local tax reduction measures. City had anticipated 241 employees (EE) in HealthPlus plan discontinued 1.01.05 by Premera would move to HMA SI'd plan - instead they moved to Spokane based trust. Increased ISL to \$200K - second retention level increase in two years.

Ruth Hultengren discussed King County's 2006 plan year EE health risk assessment-based plan redesign ("Healthy Incentives Plan") which considers EE (covered spouse and dependents must participate) health condition factors/trend (w/ annual follow up) in eventually determining EE copay extent - from \$300-1500 pepm. Labor approved current level plans and rates. Continuing to develop HIPPA related Enhanced Disease Management program. Significant (>90%) employee participation in the health assessments. Economist

hired to quantify cost benefit.

James Trefry discussed participating in Snohomish County's resolicitation of the medical benefits TPA which was contracted out to their broker. 6 RFQ responses were evaluated. Anticipated savings of continuing the County's new program with Regence is estimated at \$700 thousand. County strategies incorporating Puget Sound Health Care Alliance evidence-based health care decision continue to be favorably received by employees. County code was changed to institute a new wellness plan with biometric screening. Stop loss increased from \$150 to \$200 thousand.

Dick Rodruck discussed PURMS' recent large claims experience. 6-7 claims over \$100K. 5 of their 2000 covereds represented 22% of total claims. 75% of claims were from 5% of covereds. 2007 program renewals finalize in November. Dick noted shared claims experience continues at an elevated level. PURMS' members share pool administrative costs (stop loss and PPO premiums) and 'shared claims' - i.e. the difference between pool ISL deductible and that calculated on same basis for each PUD member. Highest cost member program implemented a coinsurance plan reducing out of network utilization from 45% to under 15% as other members.

Ruth Russell reviewed her school district's two year commitment to self-insuring full medical and their 06/07 positive self insured medical program experience to date after significant first year large claims experience. They continue with same stop loss level as premium decrease not sufficient to warrant increasing to next level. She discussed their spreading 06-07 15% overall premium increase across three differently rated plans with effect of pooling claims across all plans.

Dennis Julnes reviewed OIC's major 2007 legislative initiatives including explicit OIC authority to consider carrier surplus in health insurance rate regulation.

#### **LCSI REPORT**

Don Johnsen reviewed current Board member appointments and status. He congratulated the new members appointed by the Governor and thanked all for assisting the State Risk Manager's Office in conducting LCSI program oversight.

The latest profile of the seventy one approved self insured employee health benefits programs was reviewed. He noted the continuing decrease both in the reported incurred but not reported liability (IBNR) and net assets relative to program expenses and the increased number of programs significantly increasing individual stop loss deductibles.

Several years ago LCSI had discussions with the lead GASB analyst developing statements 10, 11 and 17 relating to IBNR. She observed IBNR development should consider total program costs, not just claims, and also consider self insured retention increases. A program financial profile chart was provided for a public health hospital, which typically subsidize a significant portion of benefit program cost, terminating their self insured EE benefit program at forty percent over budgeted expense. The board agreed to consider the matter further after reviewing the final 2006 actual/2007 budgeted program profiles.

#### **FUTURE MEETING SCHEDULING/BUSINESS/LOCATION**

It was agreed the August 9 and October 11, 2007 Board meetings would be at the previous Sea Tac airport location.

#### **PUBLIC COMMENT**

There were no public comments.

#### **ADJOURN**

Meeting adjourned 12:00 p.m.