



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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AS APPROVED

To: Local Government Self Insurance
Health and Welfare Advisory Board

From: Shannon Stuber
Local Government Self Insurance Program

Subject: Health and Welfare Advisory Board Meeting Minutes
October 11, 2007 meeting

HEALTH AND WELFARE BOARD MEMBERS/STAFF PRESENT

Sharon Dehaan	City of Everett
Irene Eldridge	Service Employee International Union Local 925 (SEIU)
Ruth Hultengren	King County
Richard Rodruck	Public Utility Risk Management Services (PURMS)
Ruth Russell	University Place Schools
James Trefry	WA State Council of County and City Employees/AFSCME
Shannon Stuber	Local Government Self Insurance Program (LGSI)
Don Johnsen	Local Government Self Insurance Program (LGSI)

HEALTH AND WELFARE BOARD MEMBERS ABSENT

Dennis Julnes	Office of Insurance Commissioner (OIC)
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CALL TO ORDER

Chair Dick Rodruck called the meeting to order 9:30 a.m.

APPROVAL OF PREVIOUS MEETING MINUTES

August 11, 2007 Board meeting minutes were approved.

BOARD MEMBER NEWS/ISSUES DISCUSSION

Don Johnsen introduced Shannon Stuber, the new LGSI program administrator. Previously an assistant state auditor reviewing Eastern Washington local governments, Shannon noted she was pleased to be working with the 15 property and liability pools and 73 self insured employee medical benefits programs in the State.

Sharon Dehaan reviewed Everett's self insured medical plan. 2007 YTD utilization is down and program financials improved after 2006 self insured employee medical benefits plan redesign. Nearly all employees are on same plan with deductibles and copays excepting Fire which joined a Spokane LEOFF trust whose rate increases mirror those of other City EE groups. They have significant continuing TPA reporting issues.

Irene Eldridge discussed SEIU initiatives promoting child care worker healthcare benefits. She noted SEIU's intent to ask political candidates for an equitable national health care plan.

Ruth Hultengren discussed implementing King County's EE health risk assessment-based plan redesign using

using EE health factors/trend to determine EE copay. Significant (>90%) participation in initial employee health assessment initial participation to be done again Spring 2008. It is anticipated at least three years may be required for change to manifest. An economist has been hired to quantify cost benefits.

Dick Rodruck noted PURMS members share administrative costs and 'shared claims' (the difference between pool ISL deductible and that calculated for each PUD member). 2007 YTD favorable thus far with pooled claims down one third from last year. Highest cost member program implemented coinsurance plan reducing out of network utilization from 45% to under 15% as other members.

James Trefry discussed Snohomish County strategies incorporating Puget Sound Health Care Alliance evidence-based health care screening assessments which continue favorably received by employees. Anticipated savings of continuing County's new Regence program estimated at \$700K.

Ruth Russell reviewed her school district's two year evaluation of self-insuring their full medical employee benefits plan. After significant first year large claims experience, their plan has had a generally positive second year experience to date. Stop loss was continued at same level as premium decrease did not warrant increasing liability. Their program pooled the 15% 06-07 overall premium increase across three differently rated plans.

8.09.07 ANNUAL BOARD OF PROGRAM FINANCIAL REPORT REVIEW

Don Johnsen provided summaries and discussed the Board's 8.09.07 review of the 2006 actual and budgeted 2007 program financial summary profiles for each of the 72 approved local government self-insured employee health benefit programs, noting these were based on reports provided by programs and might change with LGSi on site reviews.

Actual 2006 full medical program funded IBNR was 6.6 weeks of annual program expenses - down from the 7.1 week five-year average. Budgeted 2007 IBNR liability for full medical programs is 6.8 weeks annual expenses and 2007 program assets net funded IBNR liability are budgeted at 5.9 weeks - the lowest in thirteen years. Generally, programs also significantly increased 2005 and 2006 stop loss deductibles in return for lower premiums potentially subjecting the program to increased liability levels.

During the Board discussion, a program financial profile chart was provided for a public health hospital, which typically subsidize a significant portion of benefit program cost. Their cost of terminating their self insured EE benefit program in its last year was forty percent over budgeted for the year.

There was general discussion on the continued decrease of IBNR and net asset levels relative to actual expenses during 2005 and 2006. The board agreed utilization, medical cost trends and increased stop loss deductible liabilities appear to putting increased pressure on net assets/IBNR funding and that current Guidelines for Financial Solvency of self insured EE medical benefits programs should be reviewed.

FUTURE MEETING SCHEDULING/BUSINESS/LOCATION

2008 Board meetings are scheduled for February 14, May 8, August 14 and October 9, 2008 at the Sea Tac airport location.

PUBLIC COMMENT

There were no public comments.

ADJOURN

Meeting adjourned 12:00 p.m.