



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  
February 14, 2008 meeting

**HEALTH AND WELFARE BOARD MEMBERS/STAFF/GUESTS PRESENT**

Sharon Dehaan	City of Everett
Irene Eldridge	Service Employee International Union Local 925 (SEIU)
Ruth Hultengren	King County
Dennis Julnes	Office of Insurance Commissioner (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
Shannon Stuber	Local Government Self Insurance Program (LGSI)
Don Johnsen	Local Government Self Insurance Program (LGSI)
Dan Potapenko	State Auditors Office

**CALL TO ORDER**

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

**APPROVAL OF PREVIOUS MEETING MINUTES**

Draft October 11, 2007 Board meeting minutes were approved.

**BOARD MEMBER NEWS/ISSUES DISCUSSION**

Shannon Stuber discussed a significantly improved document retrieval system being implemented by State Risk Managers office. LGSI is not paying for development but will use the system. Health and welfare fee structure, examination and other documents are being reviewed. Shannon also discussed involving the Board in transitioning from the current guidelines to an operations manual by year end. She noted both property/liability and health benefit programs appear to need to increase available fund levels.

Sharon Dehaan reviewed Everett's redesign of the 2007 self insured medical benefits program resulting in nearly all employees on plan now having deductibles and copays. During 2008 plan enrollment, their program had to obtain a court order requiring dependent certification if child eighteen years of age or older not on current tax return.

Irene Eldridge discussed SEIU sponsored legislation (HB2449) increasing State reimbursement rates and giving collective bargaining rights with potentially improved benefits

to 12,000 state subsidized child care center workers caring for 118,000 low income children in the State.

Ruth Hultengren reviewed the second year of King County's three year contract implementing an EE health risk assessment-based plan redesign using EE health factors/trend to determine copays. 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 and an economist has been hired to quantify cost benefits. All program contractors rebid. Experience through January 08 not significantly improved.

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 loss ratio positive but two open heart surgeries year end. Increased ISL. Highest cost member program implemented coinsurance plan reducing out of network utilization from 45% to under 15% as other PURMS members.

Ruth Russell reviewed their school district's two year evaluation of self-insuring full medical employee benefits plan with higher than WEA benefits. After significant first year large claims experience, 2007 year end was favorable. Program reported an IBNR of 10 weeks and available funds over 28 weeks relative to annual expense. Stop loss continued same level as previous year as benefits committee found premium decrease offset by increased liability.

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 County's new Regence program estimated at \$700K.

Dennis Julnes reviewed OIC legislative priorities, carrier rate reviews and restatements.

#### **FOLLOW UP DISCUSSION OF ALL PROGRAM FINANCIAL REVIEW**

Don Johnsen discussed the August and October 2007 Board meeting reviews of financial profiles for the 72 approved local government self-insured employee health benefit programs. For most medical programs, reported IBNR and available funds continued to decrease relative to expenses. Contributing issues included general and medical cost inflationary trends as well as increasing utilization and stop loss deductibles.

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.

Of concern were the number of programs significantly increasing 2006 and 2007 stop loss deductibles for lower premiums resulting in increased liability levels. It was noted the liability retention of programs maintaining the same ISL as the previous year still increased by the medical/inflation rate of 9-11%. Those programs raising their ISL for a lower premium also raised their per claim self insured liability retention (SIR) by the increase amount which then added to the general 9% general medical benefit inflation rate.

The board agreed the current guideline for financial solvency of self insured EE medical benefits programs should be reviewed in transitioning to an operations manual.

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

Remaining 2008 Board meetings are scheduled for May 15, August 14 and October 9, 2008.

#### **PUBLIC COMMENT**

There were no public comments.

#### **ADJOURN**

Meeting adjourned 12:00 p.m.