



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
May 15, 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
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
Roger Ferris	WA Fire Commissioners Association
Mike Peterson	Tacoma Schools
Linda Trygstad	Grays Harbor PUD

CALL TO ORDER

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

APPROVAL OF PREVIOUS MEETING MINUTES

Board approved the February 14, 2008 Board meeting minutes.

BOARD MEMBER NEWS/ISSUES DISCUSSION

Shannon Stuber discussed her review of the current LGSI health and welfare program oversight fee structure and the HW examination and other documents. Her intent is to involve the Board in transitioning from the current guidelines to an operations manual by year end. It appeared to her that both property/liability and health benefit programs need to increase available fund levels.

Sharon Dehaan noted their year to date claims were down somewhat and reviewed Everett's 2007 redesign of the self insured medical benefits program resulting in nearly all employees on plan now having deductibles and copays.

Irene Eldridge reviewed SEIU initiatives including family childcare worker health benefits

with differing levels of DSHS subsidization and increased State reimbursement rates for school district employee health benefits.

Ruth Hultengren reviewed the first half of King County's three year contract implementing their EE health risk assessment-based plan redesign using EE health factors/trend to determine copays. Experience to date has not dramatically improved. 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). Year to date experience recently spiked although pooled claims remain at 8-9%. A large claim has begun to significantly affect pooled costs.

Ruth Russell discussed her presentation on school district pooling at the recent Washington School Business Officials (WASBO) meeting. She also reviewed the experience to date of their school district's evaluation of self-insuring full medical employee benefits plan with higher than WEA benefits. After significant first year large claims experience, 2007 year end and year to date 2008 has been favorable. Stop loss continued at previous year level as benefits committee found premium decrease offset by increased liability.

James Trefry discussed actuarial premium setting and his experiences with employee health benefit program reserves at several Puget Sound cities.

FOLLOW UP DISCUSSION OF ALL PROGRAM FINANCIAL REVIEW

Don Johnsen reviewed previous Board meeting discussions on the continued decrease of IBNR and available funds levels relative to expenses for most self insured employee medical benefit programs in the State. Contributing issues included general and medical cost inflationary trends as well as increasing utilization and stop loss deductibles.

Of concern is the number of programs reducing available funds that have also significantly increased stop loss deductibles, in some cases from \$200 to \$450K ISL, for lower premiums, further increasing their liability level. It was noted the liability retention of programs maintaining the same ISL still increased annually by at least the medical benefit inflation rate of 9 or more percent.

He reviewed a recent discussion regarding reserves with a TPA specializing in self insured defined benefit group association plans subject to the Federal Pension Protection Act. The Federal requirement for such plans (IRC 419AC6) was to fully fund an actuarial determined IBNR and maintain an additional rate stabilization reserve of 35% of program annual operating costs.

It was also noted that WAC 82-60 provides that all self insured employee benefit programs are to have a written reserve policy adopted both by the local government entity and the program board(s). These will be reviewed during LGSI's on site examinations.

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 August 14 and October 9, 2008.

PUBLIC COMMENT

There were no public comments.

ADJOURN

Meeting adjourned 12:00 p.m.