



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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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 15, 2009 meeting

BOARD MEMBERS PRESENT

Ruth Hultengren	King County
Richard Rodruck	Public Utility Risk Management Services (PURMS)
Ruth Russell	University Place Schools
Shannon Stuber	Local Government Self Insurance Program (LGSIP)
Sharon DeHaan	City of Everett

CALL TO ORDER

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

APPROVAL OF PREVIOUS MEETING MINUTES

The Board approved the draft August 13, 2009 HWAB meeting minutes

BOARD MEMBER NEWS/ISSUES DISCUSSION

Board members expressed that more medical programs are seeing large increases in rates. Some are considering fully insuring their medical programs. Mike Peterson from Sound Partnership stated that Tacoma is moving to a fully insured medical program for 2010.

WAC 82-60 REVIEW/REVISION

Stuber reviewed that the Guidelines are being discontinued and will be replaced by revisions in administrative rules which will combine some of the requirements which previously resided in the temporary Guidelines. Administrative rules were written and approved by the Advisory Board at the June meeting. We are continuing to revisit them because additional ideas have been provided which will ensure the financial safety of the programs.

Stuber noted that Dennis Julnes of the Office of Insurance Commissioner observed, at the last meeting, that fully funding a self-insured program liability is not the sole basis of self insured program stability. Concern was expressed at the last meeting that joint programs are not required to obtain an annual actuarial study to determine the program's liabilities and funding levels.

A review of the rules continued among the participants, and most concern was expressed regarding the requirement for actuarial studies for both individual and joint programs. Dick Rodruck pointed out that it benefitted PURMS to have an actuarial study as their requirement for reserves often decreased because of their timely processing of claims. Concern was expressed at the cost of an actuarial study for an individual entity. Stuber asked whether the broker or insurer has an actuary on staff that could provide the required information. Stuber said the state risk manager's office would consider those comments made today in making revisions to the proposed rules.

The requirement for independent claims audits every three years was also discussed. The board questioned whether a claims audit could be conducted by a stop loss carrier, and whether it should be required every three years, or at the change of a third party administrator, or at another appropriate time. It was stated at the previous meeting that the claims audit would be very expensive if conducted by an independent auditor. Stuber stated that that the requirements for the stop loss carrier to conduct the audit would be considered. She also noted the prior SAO comment that the audit might be considered by SAO in their SAS 70 internal control measures, and whether this arrangement would meet their requirements. Stuber will follow up with SAO and the claims audit requirement will be reviewed before the proposed rules are submitted for hearing.

FUTURE MEETING SCHEDULING/BUSINESS/LOCATION

The 1st quarter Health and Welfare Advisory Board meeting is scheduled for February 8, 2010 at the Washington Cities Insurance Authority Training Room in Tukwila WA.

ADJOURN

Meeting adjourned 12:00 p.m.