

STATE OF WASHINGTON  
BEFORE THE DEPARTMENT OF ENTERPRISE SERVICES

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NOTICE OF PROPOSED RULE-MAKING PUBLIC HEARING

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TRANSCRIPT OF HEARING

---

BE IT REMEMBERED, THAT THE ABOVE-ENTITLED  
CAUSE CAME ON FOR HEARING ON TUESDAY, JULY 25, 2017, AT  
2:00 P.M., BEFORE

JACK ZEIGLER, HEARING OFFICER,  
AT OLYMPIA, WASHINGTON.

APPEARANCES:

JACK ZEIGLER, POLICY AND RULES MANAGER  
SHANNON STUBER, PROGRAM ADMINISTRATOR

WHEREUPON, THE FOLLOWING PROCEEDINGS WERE  
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I N D E X

SPEAKER:	PAGE
JIM LUX	6

E X H I B I T S

(NO EXHIBITS)

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P-R-O-C-E-E-D-I-N-G-S

MR. ZEIGLER: Good afternoon. My name is Jack Zeigler.

MR. LUX: Hi Jack. Jim Lux, it's nice to meet you.

MR. ZEIGLER: I'm the policy and rules manager of the Department of Enterprise Services. I'll be the presiding officer at this hearing.

I call this hearing to order on July 25, 2017, at 2:00 p.m.

This public hearing is being held pursuant to the Administrative Procedure Act, chapter 34.05 RCW; the Open Public Meetings Act, chapter 42.30 RCW; and DES's Enabling Statute, chapter 43.19 RCW.

The purpose of this hearing is to take public comment on proposed changes to Title 200 Washington Administrative Code. The Pre-proposal Statement of Inquiry, CR-101, was filed on March 22, 2017, and published in the Washington State Register on April 5, 2017.

The Notice of Proposed Rule Making, the CR-102, was filed on June 21, 2017, and published in the Washington State Register on July 5, 2017.

This hearing will consist of two parts: First, we'll provide a brief explanation of the proposal.

1 Second, we will receive oral testimony.

2 There are sign-in sheets on the table. While not  
3 required, I ask that anyone who has not yet signed in  
4 to do so, even if you do not wish to testify. If you  
5 do wish to testify, mark that on the sign-in sheet.  
6 I will call on individuals to testify in the order on  
7 which people sign in.

8 This hearing is being recorded by a court  
9 reporter, and the transcript will become part of the  
10 official rule-making file. I ask that you keep your  
11 comments to five minutes or less. This hearing is  
12 intended to provide an opportunity to receive your  
13 comments. It is not intended as an interactive forum  
14 or Q&A session. I ask the audience members not to  
15 applaud or make any other noise that might prevent  
16 the court reporter from capturing everyone's comments  
17 clearly and completely.

18 I would like to introduce those individuals who  
19 are seated with me at the table. To my left is  
20 Shannon Stuber, and farther down to my left is  
21 Michelle Patton, our court reporter.

22 At this time I would like Shannon Stuber to  
23 briefly summarize the proposed rule.

24 MS. STUBER: Okay. Well, I'm sure everybody  
25 has had a chance to look at that; and if not, just

1 briefly, one of the main things this allows is  
2 currently there is an actuarial estimate required for  
3 medical programs if you choose the option as far as  
4 solvency; but it also allows some flexibility now,  
5 for -- to make the solvency requirement, by using an  
6 actuarial estimate for vision and dental programs  
7 too. And this really helps programs that are  
8 all-in-one sort of programs, and have the  
9 -- everything operates under one program, under one  
10 medical program, so they don't have to have a  
11 separate reserve for vision and dental. It also  
12 allows electronic-plan documents. Prior to this, it  
13 required that you provide written booklets.

14       Also, if you have a joint program now, and you  
15 are only offering vision and dental, we have a few  
16 very small programs that are non-self-insuring  
17 medical benefits, we are allowing those programs  
18 to -- with vision and dental benefits only, that  
19 audited financials are not required for those  
20 programs.

21       It also talks about, if you make changes in your  
22 interlocal agreement for joint programs, we have  
23 streamlined that process. And the other things that  
24 we have done is we had some outdated reference  
25 numbers in -- outdating to the old WAC when we were

1 at OFM, so we have cleaned those up. And we had a  
2 few typos in here that we have also taken care of,  
3 from the old rules. So that is -- that is sort of  
4 where we are at with this rule-making and the purpose  
5 of it.

6 MR. ZEIGLER: Okay. Thank you, Shannon.

7 MS. STUBER: Sure.

8 MR. ZEIGLER: I open it up to public  
9 testimony.

10 Does anyone wish to testify?

11 MR. LUX: I don't know if this is testimony,  
12 as much as maybe to get clarification; but let me  
13 tell you maybe a little bit about how this does or  
14 does not affect us.

15 First of all, as relates to the changing of the  
16 eight-week reserves to 16 --

17 MS. STUBER: Okay. It doesn't do that.

18 MR. ZEIGLER: Shannon, this is just testimony.

19 MS. STUBER: Sorry.

20 MR. LUX: So if I am mistaken on that, then  
21 that is a good thing. It doesn't affect us. I mean,  
22 we have that much in reserve, but as I read it, that  
23 seemed to be what was inferred, but if I am  
24 incorrect, strike the record, and excuse the  
25 misunderstanding.

1 MS. STUBER: Sometimes we have to look at that  
2 it and make sure we didn't say something we didn't  
3 think we said.

4 MR. LUX: I was -- the cite I have is 040(1).  
5 And maybe I misread that and was dreaming.

6 Now, was there a prior edition? I have got what  
7 I believe is the most recent. But if that is not the  
8 case, that is not a problem. Okay. We'll skip that  
9 one then.

10 Other thing that really I needed clarification on  
11 was the notion of reserves for, not only medical, but  
12 in our case, vision and prescription drugs. Do we  
13 need to have reserves for each one of those component  
14 parts, or do you have -- right now we just have an  
15 overall reserve; and we, at the end of the year, have  
16 two things: One is that there is a board policy that  
17 says, "We'll keep considerably more money in reserves  
18 than what is required by the state," but we do it all  
19 as a lump sum, since our expenses, they are  
20 segregated, but we were talking about the year-end  
21 actuarial assessment, which we do contract to have.  
22 It's a lump sum, and not divided into whether it's  
23 medical-related or prescription or vision.

24 So my question here is: Are you looking for an  
25 overall reserve amount, or are you looking for



1 reserves amounts that are attached to different  
2 categories of spending?

3 MR. ZEIGLER: Now, we can clarify that in the  
4 concise explanatory statement.

5 MR. LUX: Okay.

6 MS. STUBER: Or perhaps right after the  
7 hearing.

8 MR. LUX: Okay.

9 MS. STUBER: I can get your questions more  
10 clearly.

11 MR. LUX: We don't have any assessments. Our  
12 reserves have taken care of any particular  
13 extraordinary claims or costs; and we also have  
14 stop-loss insurance for additional coverage, so we  
15 are not subject, really, in our business structure,  
16 to that need.

17 I think we comply with the unaudited and audited  
18 financial statements; that was another thing I wanted  
19 to make sure of.

20 Most everything else, are technical changes, the  
21 changing from OFM to DES, some of the other changes.  
22 I think we meet the requirements of the website and  
23 the postings of notices and all of those kinds of  
24 things, so I don't think some of those clarifications  
25 or modifications affect anything that we are

1 currently doing. And basically that is it, with the  
2 exception of the potential of my misunderstanding of  
3 16 weeks; and then clarification on reserves. I  
4 think basically that would end my comments.

5 MS. STUBER: Okay.

6 MR. ZEIGLER: So no --

7 MS. STUBER: We could recess --

8 MR. ZEIGLER: So no one else has signed up to  
9 testify, so at this time we'll go off the record.

10 We'll go back on the record if someone arrives  
11 and wishes to testify.

12 (Off the record)

13 MR. ZEIGLER: We are back on the record.

14 No one has showed up to testify, and this ends  
15 the hearing, as of 4:00.

16 (Concluded at 4:00 p.m.)

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C E R T I F I C A T E

I, MICHELLE L. PATTON, the undersigned  
Washington Certified Court Reporter, do hereby certify:

That the foregoing hearing at Department of  
Enterprise Services was taken before me and completed on  
the 27th day of July, 2017, and thereafter transcribed by  
me by means of computer-aided transcription; that the  
transcript is a full, true and complete transcript of the  
hearing;

That I am herewith securely sealing the  
transcript of hearing of Department of Enterprise  
Services and promptly serving the same upon Department of  
Enterprise Services.

IN WITNESS HEREOF, I have hereunto set my  
hand this 27th day of July, 2017..



MICHELLE L. PATTON, CCR #2500  
Certified Court Reporter in and  
for the State of Washington  
residing at Shelton.

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