



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 14, 2009 meeting

BOARD MEMBERS 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
Steven Drutz	Office of the Insurance Commissioner (OIC)
Shannon Stuber	Local Government Self Insurance Program (LGSIP)

STAFF/GUESTS

Dick Anastasi	Northshore School District
Emily Austin	Baldwin Resource Group
Duane Hill	Port of Seattle
Don Johnsen	Local Government Self Insurance Program (LGSIP)
Toni Lally	Auburn School District
Becky Lee	City of Tacoma
Jim Lux	WA Fire Commissioners Association
Kallijah Paraska	Wells Fargo
Mike Peterson	Sound Partnership/Tacoma Schools/
Dan Potapenko	State Auditor's Office (SAO)
Kathi Rauch	WA Counties Insurance Fund
Mike Shelton	WA Counties Insurance Fund
Linda Trygstad	Grays Harbor PUD

CALL TO ORDER

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

APPROVAL OF PREVIOUS MEETING MINUTES

The Board approved draft February 12, 2009 Board meeting minutes.

BOARD MEMBER NEWS/ISSUES DISCUSSION

Board members discussed specific program and general employee health benefits trends and issues, 2009/10 program changes, budgets and year to date experience.

Steven Drutz reviewed OIC 2009 legislation and the Insurance Commissioner's 2010 legislative priority of a guaranteed health benefit coverage plan.

Dan Potapenko discussed SAO and LGSIP issues related to local government self insured employee health benefit program financial reporting and the BARS manual update.

Shannon reminded all that LGSIP would be consistent with the State Auditor's Office in use of GAAP reporting for local government self insured employee health benefit programs. She discussed use of a separate balance sheet for an entity's self insured programs as schools and smaller entities using cash basis accounting might not otherwise fully disclose self insured program liabilities. Shannon also noted asset levels for both health benefit and property/liability programs generally needed to continue to increase.

WAC 82-60 REVIEW/REVISION

Shannon discussed the WAC revision separating administrative rules for local government individual/joint employee health benefits programs from those for self insured property/liability programs. She observed there has been a significant growth in the number of self insured employee health benefit programs which have been operating under temporary guidelines. These were expired last year because the State Risk Manager is required by RCW 48.62 to adopt rules containing standards for solvency, management and operations, contracts with third party administrators and claims administration as well as actuarial analysis and claims audits.

Shannon noted examples of why it is necessary to create separate standards applicable to health and welfare programs and to put them in a separate WAC chapter where they are consistent and easily found by the local government health benefit programs, State Auditor's Office, Office of the Insurance Commissioner and LGSIP examiners. The new WAC chapter also separately addresses individual and joint health and welfare programs and the need for providing more transparency for members of joint programs by requiring notice to their members of meetings and changes in bylaws and agreements, etc.

The new draft WAC chapter governing self insured employee health and welfare programs will include rules for solvency specifically tailored to health and welfare programs providing for a specified number of weeks of annual program claims and expenses or a formal actuary study.

Shannon discussed the Property and Liability Advisory Board progress in revising the administrative rules for individual and joint self insured P/L programs, during which the issue of risk financing versus risk assumption was raised and addressed. In RCW 48.62 021 definitions: (3) "Self insurance means a formal program of advance funding and management of entity financial exposure to a risk of loss that is not transferred through the purchase of an insurance policy or contract." An entity transferring risk by purchasing an insurance policy, such as a 'minimum premium' health benefits program, is self-funded, not self-insured. RCW 48.62 (2) defines "risk assumption" as a decision to absorb the entity's financial exposure to a risk of loss without the creation of a formal program of advance funding of anticipated losses. As provided in RCW48.62.031(5), a local government entity

that has decided to assume such a risk of loss must have a written report indicating the class of risk or risks the governing body of the entity has decided to assume available for inspection by the State Auditor's Office.

The Board reviewed and proposed additional clarifying revisions of the draft WAC, incorporating elements of the current guidelines and more clearly defining sections.

Chair Rodruck asked for a motion for Board approval of the draft changes which was seconded and approved. Shannon expected to have a draft WAC incorporating the discussions at the August 13 meeting after the property and liability rules are completed.

FUTURE MEETING SCHEDULING/BUSINESS/LOCATION

Future Health and Welfare Advisory Board meetings are scheduled for August 13 and October 8, 2009 at the Washington Cities Insurance Authority Training Room in Tukwila WA.

PUBLIC COMMENT

There were no public comments.

ADJOURN

Meeting adjourned 12:00 p.m.