



STATE OF WASHINGTON

**OFFICE OF FINANCIAL MANAGEMENT**

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**AS APPROVED**

To: Local Government Self Insurance  
Health and Welfare Advisory Board

From: Tim Hays  
Local Government Self Insurance Program Administrator

Subject: Health and Welfare Advisory Board Meeting Minutes  
October 12, 2006 meeting

**HEALTH AND WELFARE BOARD MEMBERS PRESENT**

Irene Eldridge Service Employee International Union Local 925 (SEIU)  
Dennis Julnes Office of Insurance Commissioner (OIC)  
Roger Neumaier Snohomish County  
Richard Rodruck Public Utility Risk Management Services (PURMS)  
Ruth Russell University Place Schools  
Don Johnsen Local Government Self Insurance Program (LGSI)

**HEALTH AND WELFARE BOARD MEMBERS ABSENT**

Sheryl Smith City of Yakima

**CALL TO ORDER**

Meeting called to order 9:30 a.m.

**BOARD MEMBER NEWS/ISSUES DISCUSSION**

Roger Neumaier discussed resoliciting Snohomish County's medical benefits TPA. 6 RFQ responses are being evaluated and anticipated savings should more than offset cost of contracting out process to their broker. County strategies incorporating Puget Sound Health Care Alliance evidence-based health care decision continue to be favorably received by employees. Roger noted 90% of large claims are from 10% of EE's. He looks forward to PSHCA identifying higher success protocols lowering medical coverage costs. He anticipates a 10% program experience trend due to behavior changes and with healthier local economy, spouses/dependents moving off County plan to their new employer plan. Retiree participation has declined after three year transition to full cost underwriting.

Dick Rodruck discussed PURMS' recent large claims experience including their program's first (bone marrow) transplant at contracted \$237,000 cost. 6-7 claims over \$100K. 5 of their 2000 covereds represented 22% of total claims. 75% of claims were from 5% of covereds. 2007 program renewals finalize in November. Dick noted shared claims experience continues at an elevated level after increasing to 15% of total claims in 2005 and down 8% in '04. PURMS' members share pool administrative costs (stop loss and PPO premiums) and 'shared claims' - i.e. the difference between pool ISL deductible and that calculated on

same basis for each PUD member. Their highest cost member program implemented a coinsurance plan reducing out of network utilization from 45% to under 15% as with other members.

Ruth Russell reviewed her school district's two year commitment to self-insuring full medical and their 06/07 positive self insured medical program experience to date after significant first year large claims experience. They continue with same stop loss level as premium decrease was not sufficient to warrant increasing to next level. She discussed their spreading their 06-07 15% overall premium increase across three differently rated plans with effect of pooling claims across all plans.

Irene Eldridge noted SEIU just successfully completed a 7000 member University of Washington contract. She discussed SEIU's initiative on behalf of 10 thousand child care workers. Roger Neumaier observed the workers were long underpaid and SEIU should be applauded for their support of the workers which accomplished a DSHS subsidy rate increase.

Dennis Julnes reviewed OIC's seven major 2007 legislative initiatives including explicit OIC authority to consider carrier surplus when reviewing rates health insurance rate regulation.

### **LGSI REPORT**

Don Johnsen reviewed Board member terms. RCW 48.62.051 provides board membership is to include one city, one county and two other program management representatives all from local government self-insured employee health benefits programs. Representatives of two statewide organizations representing local government employees are also required.

Sheryl Smith and Roger Neumaier, the City and County management incumbents are unable to continue for another term. Two program management representatives, Dick Rodruck and Ruth Russell will be submitting reappointment applications. All approved City and County programs have been solicited and several managers have expressed intent to submit applications. Board appointments are made by the Governor's Office

LGSI on site examinations are on schedule with 31 on site program reviews done year to date. Results of on site reviews and program annual reports were reviewed at the August 10, 2006 Advisory Board meeting.

Don discussed provisions of RCW 48.62.161 and WAC 82-60-100 directing the State Risk Manager to assess programs for approval and oversight operating expenses with concurrence of the respective Advisory Board. Current fee structures were developed when LGSI originated and reviewed with the Boards and revised several times since. In 1992/3, the Boards jointly decided to split program administrative costs 50/50% between employee health welfare (H/W) and property/liability (P/L) programs based on each taking about one half LGSI total staff time. The P/L Advisory Board then set their formula split evenly between risk pool worker hours and administrative budgets.

The H/W Advisory Board set a different formula for H/W programs which range from the self insured King County full medical program to capitated liability dental and/or vision programs. Projected examination costs are deducted from the total before cost apportionment. The largest programs are capped at \$7500 and reasonable small program minimum amounts set. For the programs between, a formula was established apportioning the relative costs. Each April, LGSI obtains updated Labor and Industries worker hours for the previous twelve months for all approved entities. Both the H/W and P/L formulas were previously reviewed by the Board in 1996, 1997 and 2001.

Roger Neumaier motioned the Board appreciated the periodic LGSI review, including the detailed written explanation provided beforehand, of HW operating cost apportionment and fees which the Board continued to endorse as reasonable and appropriate. The motion passed unanimously.

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

Advisory Board meetings were scheduled for February 8, May 10, August 9 and October 11, 2007 at the same time and location.

### **PUBLIC COMMENT**

There were no public comments.

**ADJOURN**

Meeting adjourned 12:00 p.m.