Self-Insurance Governing Board

Meeting Minutes

Virtual Meeting May 23, 2022

Attendance: Mark Gassaway, Finance Director

 Sara Lowe, Deputy Treasurer

 Emily Zwetzig, Budget Director

 William Winfield, HR Director

 Leslie Lopez, Chief Civil Deputing Prosecuting Attorney

 Amie Johnson, Board Chair

Maria Vergis, Scribe

Guests: Keri Stuart, Aon

Allie Huang, Aon

 Sarah Redford, Aon

 Jennifer Weddle, Aon

**Approval of meeting minutes from 4/25/22-All**

* Mark moved to approve the minutes.
* William seconded the motion. All in favor, the minutes were approved.

**2022 Experience so far-Sarah Redford**

The experience monitoring report provides a beginning of the year summary for claims paid through March 2022 (Q1 2022). The data for Kaiser medical and dental is not available. At the beginning of the year there is healthcare seasonality because people haven’t met their deductible or annual coinsurance maximum for the year. The expectation is that claims will increase throughout the plan year.

* The total loss ratio for medical for Q1 2022 is running at 93.4% of budget.
	+ The loss ratio is being driven by CCSO, which is running under budget at 68.7%.
	+ The loss ratio for Q1 2021 was 115.6% of budget. This was due to large claims.
* Delta Dental is running higher because it was priced lower than experience using reserves. The loss ratio is 113% above budget.
	+ The loss ratio for Q1 2021 was 123.8%.
* VSP is running well. The loss ratio is 82.4% below budget.
* Current year projections through December 2022.
	+ The projected loss medical ratio is 97.8% of budget. This projection can easily change with a couple of large claims or if everyone goes to the doctor in June.
		- The MOU loss ratio is 104% and CCSO is 73.6%.
	+ The projected loss ratio for dental is 113.7%. It is expected that the rate will eat into the budget reserve.
		- Last year the experience was high during Q1 2021.
		- The first 3 months for 2022 are running a lot better than last year. The experience is running more like a normal year.
* Large claims paid data through March 2022
	+ There were 9 claims over $50k.
	+ No claimant has met the $200k stop loss threshold through Q1 2022.
* The recommendation is to increase rates for Delta Dental because it’s running like a typical plan year compared to last year when utilization was higher because no one went to the dentist in 2020.
* Sara asked how general inflationary factors impact costs in addition to utilization.
* Sarah said the internal guidance she’s received from Aon is an overall inflation increase of 1% added to the blended medical/Rx trend. The trend increase is 7% compared to 6%.
* She said expect higher inflation over the next couple of years.
* The inflation impact is usually slower because contracts are in place a year in advance.

**State Auditor’s Self-Insurance Report-Mark Gassaway**

* The State Auditor’s Office (SAO) completed their review of the accuracy of the County’s Self-Insurance funding report to the Office of Risk Management (ORM). This is for the period ending December 31, 2020.
	+ The attestation report validates the agreed-upon procedures for the reported fund balance.
	+ Mark said the County is more conservative than the SAO with the ending cash balance. The County reduces the cash balance for outstanding payables, which lowers the balance.
	+ ORM want the ending balance traced to the general ledger and confirm the program has set aside cash/cash equivalents. Mark said ORM wants to see a checkbook balance that lowers the liability requirement.
	+ Clark County is the first agency in the state to have complied with the RCW 48.62.
	+ Mark said the plan submits a report every year and is compliant.

**Fund 5045 Draft Fund Balance Policy-Emily Zwetzig and Mark Gassaway**

* The purpose is to develop a minimum fund balance reserve policy for the Healthcare Self-Insurance fund.
* Emily can provide the Self-Governing Board the fund balance policy guide and checklist that outlines what makes a good fund balance policy for designated county funds.
* Mark said there is not a lot of flexibility with this fund. The policy needs to incorporate long-term sustainability.
* Mark needs to update the financial model for the 6-month projection after June closes.
* Emily will send policy updates to the Self-Governing Board for feedback.
* The final policy draft goes to the Council for adoption.

The next meeting is July 27, 2022.

During July’s meeting, Mark will provide a fund review projection using 6 months of data.

Meeting Adjourned.