

The August 21, 2015, quarterly meeting of the Retro Advisory Committee was called to order at 9:35 a.m., by Committee chair Tim Smolen.

Committee members present: Brian Bishop (*Association of Washington Cities*), Scott Dilley (*Washington State Farm Bureau*), Praveena Gregory (*Republic Services, Inc.*), Lauren Gubbe (*Associated General Contractors*), Tammie Hetrick (*Washington Retail Association*), Teran Petrina (*Washington Restaurant Association*), and Tim Smolen, chair (*Department of Labor and Industries*).

Safety topic

TIM SMOLEN: Sandy Mugartegui and Jessica Nau and I had a nice conversation with **Anne Soiza**, Assistant Director for DOSH this week about how we can do a better job of highlighting the success of Retrospective Rating— especially the associations— in terms of the safety programs that you all have in place. We spend a lot of time talking about the math of Retro, but at the end of the day, it really is about safety. So, I just want to commend you all for the outstanding work you're doing in terms of safety programs.

Agenda/ Minutes

LAUREN GUBBE: About my comments regarding employers reporting their hours in the subaccount: that would be for clarity of owner hours in coverage if a dispute should arise. And for Retro, my thought was that then we could elect whether or not to enroll the subaccount.

TAMMIE HETRICK: May I ask one thing with regards to the agenda? My understanding was there's a presentation on the new CAC system for employers. Is that going to be presented today?

TIM: No. Changes in the *Claim and Account Center* (CAC) are really about changes in the security before you log into the CAC system. We have a large-scale agency initiative that we're branding as My L&I. And we're amending the security that attaches to L&I web sites. We're not ready for a demonstration today. We're still angling for sort of an end of the year roll-out of that technology.

TAMMIE: Okay. I just want to make sure that it's on the record that there is concern with having employers see a different view of anything than the administrators of Retro because we put a lot of time into walking them through those systems, and that's just going to cost L&I more money if we can't help them and they're calling you.

TIM: Yes. We're aware of your concern. And let me just restate it to make sure that we get it right. The concern is that you want to be able to have essentially access to the same views in CAC or in My L&I technology that your employers do so that when they reach out to you to say, "*Gee, I'm not sure what this means,*" that you can have a conversation with them.

TAMMIE: Yes, thank you.

KRISTEEN JOHNSON: Today was the first time that we had ever heard of that, this new system. So my question is: Did the Department solicit or stakeholder any feedback before they rolled out this system?

TIM: We haven't rolled it out yet. And we are asking for stakeholder feedback about it. But we don't have something for you to react to at this point.

KRISTEEN: Actually, I said feedback, but I meant input. What I'm hearing is that there hasn't been any input by stakeholders or Retro groups that have a very large employer base.

TIM: I'm drawing a bit of a distinction between employers having that kind of stakeholder access and usability testing compared to Retro groups. And I would just reinforce again that we haven't taken a decision yet about how and when Retro groups are going to have access to that site and that technology, but we're trying through the U-C-IT group to build that access.

TAMMIE: I just wanted to make sure that everyone realizes that employers are going to have a different view. And as long as you're on the same page and you're making sure that Retro is going to be there, you know, that's really important. And I just didn't know if these people realized how much time we spend with the employers on the phone walking them through the system or, you know, providing them with—even how to pay their premiums. You know, we do all that for them. So it's just an unfortunate disadvantage if we weren't able to continue that.

TIM: Yes. I appreciate that. What I would say is that we haven't taken a decision yet about what the roll-out looks like nor the timing of it. But the intention is that you be able to continue to do that kind of advocacy and support for the folks enrolled in your groups. The best case would be that you see the same views that they do. But if we can't get there immediately, on the first release, then what *can* we do to set you up for success?

Introduction of new Committee member

TIM: I would like to formally introduce **Praveena Gregory**. Praveena is joining us today, her first Retro Advisory Committee meeting. Praveena comes to us from **Republic Services**. Some of you know them as Rabanco. They are an individually-enrolled employer in Retro and have been for several years and have had a really great record of performance. Diana Finch and Alicia Milani, is their assigned FIC's recommended Praveena as a person who could join the Retro Advisory Committee and help us attend to the concerns of individually-enrolled employers. So thank you very much for joining us, Praveena. You want to tell a little bit about yourself and Republic?

PRAVEENA GREGORY: I've worked for Republic Services for about 14 years. I've been in numerous positions. And my current position that I hold there is the payroll manager. And aside from my payroll functions, I have responsibility for the workers' comp, claims management, and watching over the Retro program. And I have to thank Tim and Diana and Alicia for all the help over the last couple years to understand the whole process and what are some of the things that I can work on to make it a success for our company. We've had pretty good years in the last couple of years. We started off as a group em-

ployer. We were enrolled with the PITB group. And then we pulled out a couple years ago and became individually-enrolled. Up until last year, we had really good refunds until, you know, we had a bad year last year, then we had a pretty big assessment. And then we came to learn of a lot of things and a lot of opportunities that we had, and we weren't utilizing those opportunities. So there's going to be some changes in the process. I'm glad to be here. And I'm looking forward to making a difference. Thanks.

Loss development factors (LDFs)

TIM: The committee had asked for a review of the annual updates to the loss development factors. Russell Frank is here to do a presentation for us. There are some materials in the handouts.

RUSSELL FRANK: I don't have a whole lot to share today other than I know LDF's are a very important issue for a lot of people. So, I do want to at least be here and discuss it and be available for questions. There is a handout. There are two pieces to it. One thing we do every year is called "relativity factors." We have different LDF's for medical-only claims than for PPD claims and for time-loss claims, and every year we refresh our study and revise those numbers. Basically, not much change this time. I updated the slide show I did last year for this. In fact, the factor has moved very little other than for miscellaneous accident fund and medical on TPD's. And those moved a fair amount just because there aren't much data, and so when you add more data, things move a bit. I wanted to talk a little bit about a couple of other issues. First off, just a little bit of perspective; the LDF's, in fact, do not determine the size of the overall refund. The overall refund is calculated by looking at the loss ratio for the Retro community versus the loss ratio for non-Retro community. And if the Retro community is doing 19 percent better than non-Retro, then the Retro refund is going to be 19 percent. I understand that everybody thinks the LDF's are too high. But the level of those LDF's is not determining the level of the refund. Having said that, the first chart on this slide is actually a response to a request to a question we got. And I'm sure plenty of other people noticed the same thing and were wondering the same, which is essentially 'If you look at LDF's used at first adjustment for the July enrollment for 2011, 2012, 2013, they're going up. And what's really driving that?' The "smoking gun" is really the overall combined LDF went up both for medical and for indemnity. Off to the right, the *big* number is the change from 2012 to 2013 in the indemnity LDF's: 11 percent. When you ask us what happened, the obvious answer is the LDF is the number we use to get from the total of the case reserve incurred to what the actuaries are putting up on our books as liabilities. So, for whatever reason, the actuaries are coming up with bigger numbers relative to the case reserve folks than they were before. The level of reserves does seem to kind of move in a cycle or at least of trends/swells. You know, there are times when the reserves seem to be going up for a while, then maybe at some point we realize— we look at it and say, well, maybe we were a little high and things come down for a while. So, you know, a short-term trend in the LDF's I can't tell you exactly what's happening. I don't expect it to continue forever.

BRIAN BISHOP: Can you talk about the LDF's increasing and the PAF increasing at the same time? Because it looks like they both had a big increase. I know back when the PAF was down, they were at .84. You said that's an anomaly. Even Oliver Wyman was surprised that it was that low. Can we talk— what was the driver of why it went up so much in the past couples years or past year?

RUSSELL: It's hard to pull out what it really is. I really would have a hard time answering that. The PAF is determined to make sure that the overall refund that we're supposed to get actually happens. I agree with you, that's counterintuitive with the LDF's moving up as well.

STEVEN SUSSMAN: Steve Sussman, PCI Services. Regarding the loss development factors and the three adjustments, of course, there's a different loss development for each adjustment. And I wanted to know, is there any discussion so that the loss adjustment factor on the first adjustment isn't as much as four times or three times greater than the third adjustment so that there's not this huge swing from loss development factors to what really matters at the end of the day, of course, would be your third adjustment LDF. But—anyhow, for individual employers, you know, big million dollar premiums with a lot of claims, these—it's a huge swing. Any discussion on that?

RUSSELL: That simply is unfortunately something that happens because we're trying to do an adjustment as early as possible. The reason we need those high LDF's is because at first adjustment there is still some claims that are going to turn out much worse than we thought they were, and we don't necessarily know which ones they are. In order to get the total right, we have high loss adjustment factors that then come down as we see which of the claims are much worse than average and which of the claims are better than average.

STEVE: Lastly, with that, may we consider claims that are closed for second and third adjustment might have a different LDF on it to consider? Because if they're closed, the likelihood of it being a big surprise between the first adjustment and the third should be not likely or pretty rare.

RUSSELL: That would be an interesting possible enhancement. It would complicate things even more. One of the disadvantages of our system is that there are more reopens than we would like.

BRENT KOHLER: I think what I heard you say is that one of the reasons that the adjustment was high for the July enrollment period, for the LDF I should say, was high for the July enrollment period just because there were some large groups that did extremely well.

RUSSELL: PAF.

BRENT: The PAF. I'm sorry. Yes, the PAF. And so there are some large groups that did extremely well. I think that there were five groups that got about 48 percent of the total refund for the July period. And so that's why the PAF was higher because they essentially outperformed the other groups that were enrolled in July; is that correct?

RUSSELL: It was unusual for the PAF to move up significantly, you know, when everyone is doing well, when the overall refund is doing well. We double-checked it because it was unusual.

BRENT: Is that something that you could look into and explain?

RUSSELL: I don't think we're going to be able to do much better than I've just done. There isn't a quick and easy explanation. Just that's the way the numbers worked.

JESSICA NAU: I think I could offer looking into the change in the PAF from first adjustment last July to this July. First, the performance gap between non-Retro and Retro last July was larger than this July. So, automatically we had a smaller percentage target refund for this go-around compared to last July. One of the other trends that we're trying to identify is the impact of modified plan choices that we saw for the 2013 coverage year compared to the plan choices that were made initially. The plan choices that the Retro community is making do impact the way that those refunds are distributed -- through the use of the PAF. When there's more money on the table, so to speak, the PAF goes down so that those refunds are more accurately distributed amongst everybody. What we think we are seeing is that in 2013 there were revisions to a lot of plan choices made by people; they were kind of fine-tuning those plan choices. In essence, there was less money left on the table to be absorbed by other people. So I think there's a combination of potentially more sophisticated plan choices, if I can use that word, or better tailored plan choices. And then we did have an anomaly in some of the quarters that also created a bias. Now, the extent to which each one of those three things, you know, impacted that, I think that's what we're trying to fine-tune. I think we have three contributing factors that we're still trying to hone in which had the most significance in that.

TIM: If you'll just permit a sort of editorial comment, I think — two things I would say to provide some context for the conversation: One is the exceptional low PAF, the 0.85 number; I think we're better served by just treating that as an anomaly and not saying "why is this result more different?" I think starting from this result is more normal reinforces that that was really an anomalous result. I think the other thing that can help is if rather than saying up or down, if we say compared to 1.0, compared to parity -because it ought to be in a range around 1.0. I think we're less concerned with relatively up or down compared to how near is it to 1.0 that being what the numbers are designed to produce. So, I think I'd say that these numbers are more in line with the expectations and that the 0.85 really was an anomalous result.

Retro staffing update / Farewell to Diana Finch

*[Tim talked about his vision for staff development and introduced the team in place, now. See **page15** for details.]*

DIANA FINCH: I did ask Tim for a couple minutes to say thank you to everybody. I've been in Retro for 15 years. I'm here through October. And I've enjoyed every day. And a job that you come to every day and enjoy doesn't stand by itself. It stands with the people you work with. You folks have been wonderful, and I did want to thank you so much. (*Clapping.*) I'm thinking about all the fun we had like the rate holiday in 2007, and let's see, there was when we changed from two loss development factors to eleven, that was fun. And then because we weren't having enough fun, we changed our rules. So it's just been a real fun, fun run for me. So thank you, thank you, thank you. (*Clapping.*)

JESSICA: Diana was actually on the interview panel for me when I applied for the FIC job. And a little known fact: in the first round of the interview I was presented with a adjustment summary sheet and afforded the opportunity to do the calculations without really knowing Retro. And I had little aptitude with

numbers, so I'm kind of running these things, and I was provided with a ten-key calculator which I'd never seen before in my life. And so I knew that was going to be useless. And so I'm kind of running through the numbers, and I think I kind of have something in my head that might make sense, and so I tried to validate that through the use of a calculator, and it's not coming out the same. And I realize it's just operator error. So, I had to actually timeout my interview, called a pause, and asked Diana if she'll explain to me how to use the calculator so that I could validate the numbers. And sure enough, they came out. And I was invited back for a second interview and offered the position. So, I'd like to say Diana is an excellent judge of character along with the other many talents that she has. You are going to be missed in our group. Diana is the safety guru inside and outside the agency. And she has moved the agency in many ways to be more conscious about that. And one of the things that you guys may not have seen on the outside is her commitment to you. There are many times where I'm literally shoving Diana out the door. "You've been here too long during the day. You're here too many weekends." And that is just her dedication, and not to her work, but to you. And I just want to thank you for that. (*Clapping.*)

TIM: I wanted to appreciate that you have helped the Retro group engage in community service in a more meaningful way. You are our Day of Caring coordinator. For three years in a row have had a chance as a team to go out in the community and do something special. And the feedback from our customers about that has been very positive. Every year when we make the announcement that we're going to take a day off and go do something out in the community to be of service, I get a raft of messages back saying, way to go, great job. So thank you for helping us start that tradition.

TIM: Courtney Barnes is our new Assistant Attorney General representing the Retrospective Rating program. Jim Johnson who was with us for many years — 15 years?— has moved on to be the program advisor for the Self-Insurance program. Courtney will be standing in as our advisor for the Retro program. And her understudy is Katie Dixon. Courtney has been with us for about 18 months, and we've really enjoyed that a lot. For us, we really think about the relationships with Jim and with Courtney as being a partnership. And we use them routinely not just for legal advice, but for counsel about administering the program and helping take care of our customers. The last update is I wanted to acknowledge the passing of my friend and colleague, Doug Stewart. Some of you may be aware of that. I just wanted to acknowledge Doug's support for me and for the program. The person that we hire into that role and the Retro program manager will both be direct reports to Mike Ratko, our Chief Strategy Officer. Mike is in the room today. I'm real excited about, you going forward together. Mike and I have talked a lot about the collaboration between the Retro program and the Employer Services program and how to fortify that relationship.

[*Break*]

Retro and Department IME collaboration pilot

MARNEE COUTHAN: Good morning. In your packet are a couple documents that I'll speak to: the Retro workgroup project updates, and also the July adjustment protest results. But first I wanted to let you all know that we will be celebrating the IME collaboration pilot after this meeting. So, the project team that set it up and the sponsors will be having lunch and doing a celebration. What that means is that every-

thing that was developed, the processes, the technology is in place; it's now a way of doing business with the claim managers between the Retro community that helped stand it up; however, the request for an IME if you're willing to go through the training and stay within the guidelines is available for anyone. So feel free to reach out to John Meier or Lauren or Lloyd. They're the sponsors for the team.

July adjustment protests – Update

MARNEE: Thank you for with your assistance in staggering in your protests - the last graph shows how we received them. You may recall for the last July cycle I said you were killing me because more than half of the claims that were protested came in the last two weeks of the 60-day protest period. So much better this go-around. Thank you very much getting them in earlier. The last graph that says more than 60 days, those represent claims where the group or individual had sent in a placeholder within 60 days and then the claims came kind of down the road. So thank you. By doing that and with the assistance of my team – Tamar, Ardith who is here, Nancy, and actually Lisa helped us - we were able to complete all of the July protests. The last order mailed out yesterday. That's the first time. So, very happy with the crew. [*Details about the handout and results are on page 16.*]

U-C-IT:

MARNEE: The User Communication Improvement Team consists of members from the Retro community. We've had a couple meetings, and I think we've made great progress on the requests that were submitted. We've got some service requests drafted. We've got people validating that those are the requirements that you want as far as updates to Claim & Account Center, Retro's imaging and the web site. And I think that's why we took on— eCorr was the last one. So many "thank yous" to the team and to our managers for being part of the process. We've had eight executives that oversee the technical staff and those different programs in the meetings with us and helping us kind of come up with the requirements and offering alternatives, things we hadn't thought about or we wouldn't know because we don't really know all the techie stuff. So it's been really good. I'm happy with the progress that we've made.

TIM: I just want to take this opportunity to say thanks for Stephanie, Peri, Robert. They really are asking for the rest of the community to continue to bring forward suggestions. Because we'll continue to work to prioritize them. And we have established a good relationship with the staff and the Department. And I think we have a pretty seamless connection back to the agency process for prioritizing those. So, whatever those technology fixes are that will be helpful, if you can get those to the U-C-IT team, that would be great.

Common ownership pilot – Update

JULIE OSTERBERG: I have the pleasure of having some great news to report out regarding the common ownership workgroup. Early in August, we received approval to move forward with pilot rulemaking. We gained the internal support and Joel's approval to do that and filed the CR 101 on August 5th. So, that sets us up for October enrollment; we can begin to review exceptions to that rule. In your packet, there are a couple documents that have some examples of things that we will allow as part of the pilot and things that we will not. I'm not going to go through that today, but I do ask that as you read through it and share

that with the community, if you have questions or comments, please share those with me. I'm working on some further documentation, including a frequently asked question document. I want to have as much in that as I can so that it's as helpful as it can be. I would add that the support of the agency to do this is huge for us. As far as I know, L&I has not done pilot rulemaking recently, if ever. And so it's really nice to have the support to move forward like this on something that's new. At this point I would like to appreciate the workgroup members. Please stand so we can recognize you. Scott Dilley, Jenn Kavanaugh, Kris Johnson, Bob Hauk, and Lloyd Brooks. Thank you all for your support. (*Clapping.*) And support has been excellent, so— Jim Johnson, and then we have today Courtney is here with us today. Thank you very much. Scott, do you have anything that you would like to add as a direct sponsor?

SCOTT DILLEY: Just one question that came up earlier having to do with the exceptions. If you do seek an exception under this structure, do those need to be granted annually or can the exception be granted for the life of the pilot project?

JULIE: It's for the life of the pilot project like we talked about. So, not having to reenroll again.

SCOTT: And changes to enrollment that are adopted under the pilot rulemaking, assuming that the pilot rulemaking moves forward and is adopted as a permanent rule, then that would be fine. If for some reason it's not, would those changes be grandfathered in?

JULIE: I think that we would grandfather them in as well...leave them in.

SCOTT: Those are the only two questions I had. It's been great working and kind of pioneering this effort in terms of pilot rulemaking. It's not something I've been very familiar with. I haven't seen many agencies do it. So it's been certainly an interesting approach to it. And I thank you for all the time and effort that you put into it.

TIM: To be fair, Julie, I told you yesterday what I was going to say... I think this is just a really *heroic* effort. I sent Joel a note afterwards. We have this really nice thing that Crystal innovated we call kudos cards. We have these little cards that you can fill out to appreciate someone else, you know, a co-worker who's done something special. After Julie and I had our meeting with Joel on Friday afternoon, I wrote him a card and I said to him, I said, "*I just feel really proud about working at L&I,*" that this decision I think took a lot of courage for Joel to take. It was a very difficult decision for him to take. He did a lot of soul searching over this decision. And we've been working on this intensively, Julie and I, with him, for over a year, and it was a tough decision. Julie, you've been very brave working through a lot of obstacles and challenges. And the workgroup, you all have had a really tough job, right, trying to represent the needs of your constituency as well as your own programs as well as trying to figure out how to work with the Department. We can be a, you know, kind of difficult business partner sometimes. I just feel like this was a really great effort, and I think— it's a compromise, right? It's a political solution because we're a political agency. And I feel like it's a pretty balanced solution. I feel like it is a precedent as well. I feel like the first one's the hardest one, right? I think our object all along in trying to initiate the pilot rulemaking was to learn from our own experiences. So, we really want to get as many applications as possible and get as many conversations as possible and just try to figure out how to make this work better. Whether we adopt

this language in the form of a permanent rule or something different, I think this just creates an opening for us to have a continuing conversation. I appreciate your kind of practical questions. And I'm sure there will be more of those, Scott. But the intention is not to have an interruption either in terms of enrollment or in terms of this process of discovery or in terms of getting better at trying to meet the needs of our business partners.

LLOYD BROOKS: I think it would be good to give us your perspective on what you'd like to see what would make this process easier coming up on the October enrollment. I think maybe that's something this group needs to hear more of from your position.

TIM: I'm speaking for the staff...so those of you who actually work enrollment, please help me.

- Earlier is better; things are easier the more time we have to react to things.
- Having back and forth is better than treating it like it's a one-time transaction.
- If we can talk on the phone, if we can schedule meetings, if we can see documentation.
- All of those things kind of help just to make the case.

One of the things that we really struggled with, Lloyd, as you know in writing these kind of exception criteria is we wanted to be clear enough that people aren't surprised by the decisions, but we want there to be enough discretion. We can't anticipate everything we're going to get, so we're trying not to draw it so narrowly that we just sort of discourage people from making applications that could be considered. And we want enough discretion in the Department that we can have some latitude but not so much discretion that when we exercise it, it seems arbitrary. I think what we want is early applications, lots of applications, lots of data for it to be a continuing dialogue back and forth so that we can really understand what you're asking for and try to make it fit. We want to say "yes" to these; we don't want to say "no" to these. The whole object is to say "yes" to as many as possible. And then if we can't—if for some reason we can't get it done for October -- let's get it done for January. Let's try to keep it in place, so to speak. And then obviously the last thing is just get that feedback to us about the forms, the process, our performance so that we can get better across the time of the pilot.

LLOYD: Even if you think the answer's "no," that's the type of data we need for this to be a successful pilot. We need—the intent of the pilot is to understand more of the possibilities and what the real issues are. So, I just want to encourage everybody to apply. And a "no" isn't a failure in context of the pilot. It gives us some more information to look at and work with and have discussions about.

JULIE: Thank you, Lloyd. That's what I was going to add, just that if there are situations that you come across that don't feel like they would be supported through the exception process, I would still encourage you to submit them so that, like you say, at least we have it for data and for other scenarios to be thinking about if and when we get to that point of changing the rule. So, you know, it does list pretty specific things that we expect to see and that we will allow. But I do encourage you to send the things that you think might not too so we can keep track of those.

SCOTT: Julie, can you refresh my memory in terms of the steps that need to be taken from this point forward in terms of rulemaking? Like I said, this has been sort of— pilot rulemaking. So you filed the CR101. I guess the next step is a CR102. Will there be public hearings? When are those going to happen? And are we still on track for October 1st?

JULIE: So, the CR101, we're— is the only thing that... I guess I would call it the technical aspect to get done. That had a deadline of early August. So we made that. So the CR101 has been filed.

Now the pilot runs through July of 2017. It's after that last July cycle of enrollment that we would then be entering into the CR102 process. And then that would take care of that from that July time frame to the next July time frame in the rulemaking process.

TIM: What's behind the question about the exception process and the rulemaking process and the hearings is really about stakeholdering. And one of the challenges that we had throughout the process is that effectively what we've done is sort of set aside the current rule and adopted a pilot rule across these couple of years. What we had to satisfy Joel was that there had been adequate stakeholdering to just take that action pretty immediately, that we'd done a robust job in terms of outreach both to the Retro community and other folks outside Retro who care about these decisions, that we could go ahead and make this change because there's not going to be the traditional extended public hearing or other kind of stakeholder process. And so, again, credit to the workgroup and, you know, using these meetings and what you guys have done and Julie inside the Department to satisfy Joel that we could ahead if we had the support we needed to take this decision. Thank you.

Insurance tables study – Update

DEBBIE SANDERS: Good morning. The insurance table study project is in three parts. It's in the part of the L&I actuaries actually doing the study on the insurance tables, the selection of an independent actuarial consultant and working with them through the process, and then also updating the rules based on the results of the study. I'll be focusing on the selection of actuarial consultant today. At the last RAC meeting, I reported that we're in the process of working on the request for proposal (RFP) to post. And I'm happy to report that since the last meeting we did post that request for proposal. We reviewed, scored and selected **Oliver Wyman** as the actuarial consultant that will be reviewing the work of the L&I actuaries. So, myself, Tim, Lauren Gubbe, and John Meier were on the evaluation committee, and we also had Mark Mercier, one of the Department actuaries, there to provide technical support, if we had questions while we were discussing the proposal. During the discussion it became really clear that it was important to everyone on the evaluation committee that the firm we chose be able to review the work of the L&I actuaries objectively and independently. I feel like we did that well. Now that the contract is in place, I'll be working with Eric Hornick at Oliver Wyman to come up with a final work plan. I really just wanted to thank John and Lauren for your time and your flexibility. It was a really tight timeline between the time we received the proposals and when we actually met to evaluate them.

LAUREN: I thought the process was a good one, and that we looked at the RFP and provided input, and we looked at the scoring and all that before there ever was the bid submitted. So I think it has a lot of in-

tegrity in the process. So I just appreciate the thought behind it and appreciate the opportunity to participate.

TIM: I just want to appreciate your work on this, Debbie. This was a real challenging process I think. I'll just be really frank with you all because, you know, we're all friends here. I'm aware that there was some concern about hiring Oliver Wyman to come back again. So we were really thoughtful in how we wrote this RFP. As Lauren said, we shared all the documentation with John and Lauren as we were building it. So, they saw the draft contract, they saw the RFP documentation. And that created some tension inside the Department because we were really candid with our partners inside the Department as well that that's what we were doing. And we did a broad outreach campaign to make sure that all the bidders who were qualified to bid on this were aware that we were letting this contact. And then we were really thoughtful about how we balanced the scoring as well to make sure that we minimize the competitive advantage to Oliver Wyman from having had this past contract with the Department. As Lauren said, it's a process with really good integrity. I personally have confidence in Scott Lefkowitz and Eric Hornick. They are people of great integrity. And as we work through the process, we'll do it in a way that it's real transparent. Eric and Debbie and I talked on the phone a week or ten days ago, and I told them that we're really expecting them to press the Department; that we really need them to challenge the decisions and the actions of the Department. Because there are some judgement calls that are built into this, and we want them to really exercise that independent judgment and assert their independence in doing this, and I'm confident that they'll take us up on that. So, I just wanted to appreciate you for working your way through this with us. It's been a real challenging process, and we did it in a slightly unconventional way. We were pretty insistent on scoring these on a consensus basis rather than voting or some other kind of nominal good process. So, again, I appreciate John and Lauren very much, and your leadership was just instrumental. Thank you.

LAUREN: I would just add that we did do our independent scoring too. And that was the first thing that we came back to the meeting with was our individual scoring. And we were unanimous in how we scored the bits in terms of 1, 2, 3, 4. And so I just wanted to make sure that that got in the meeting summary as well.

July enrollment – Update

RACHELLE JEFFERSON: Hi. I'm Rachelle Jefferson, and I'm one of the enrollment coordinators. In June we were fortunate to have Jeremy Jones join our team in a non-permanent enrollment coordinator role. Jeremy came from Claims Support unit to help with July and October enrollment and has been a huge asset to our small enrollment team. July enrollment as I'm sure all of you are aware is our largest enrollment quarter. We received a total of 678 new applications. That's 28 groups. 12 groups took part in the staggered enrollment process and 61 individuals. This is 20 more applications than we processed last July. We also received 313 requests for withdrawals. And we are currently mailing out orders and rosters. And we should complete all July enrollment by the end of August.

For members of the committee and those of you in the audience that interacted with the Enrollment Coordinators closely, we appreciate how quickly you've been responding to our inquiries related to July enrollment. Thank you.

TIM: I just want to appreciate the support that we have from Mike Ratko and Vickie Kennedy and the rest of the Department to staff up around peak workload, so that the service level doesn't fall off.

Owner optional coverage – Update

TIM: The last item that I've got on the formal agenda is an update on owner optional coverage. At our meeting in May, we had a presentation from Brenda Heilman, Audrey Pitchford and Michelle O'Brien. I wanted to as a follow-up acknowledge that we're aware of the kind of policy issues about things like collecting a premium deposit up-front, allowing sub-accounts to be enrolled at the discretion of the group, enroll sub-accounts on a different premium cycle. We will continue to work those collaboratively between Retro and the Employer Services group, but we're considering those *outside the scope of the project*, per se. And the project is moving forward. Brenda Heilman and Audrey Pitchford are working with the IT staff on creating those service requests that will improve the reporting of owner hours and hours by risk classes so that we have better data to answer those other questions that you raised about things like is it really true that owners disadvantage us, that there are those disincentives or that the incentives don't align in terms of are they motivated to return to work? are they going to protest their claims? is their claims experience worse? At this point we really don't have credible data to answers those questions, but the project will help create that data set so we can answer those questions in a better way.

LAUREN: If you're not doing anything differently with the project in that regard, how will the project data help you with that issue?

TIM: Right now we can't really get our hands on those data. It's not easy for us to identify which claims belong to owners that elected coverage. And so the project is going to help make it more clear who has coverage and what is their claims experience and what is their premium and are we doing a really adequate job in terms of, you know, some of those issues that were raised at the last meeting, Lauren, are we enrolling them timely? Are we dis-enrolling or cancelling coverage timely? We just are not able to track those data now. And so the project will be organized in a way that we'll be able to collect those data and be able to report back to you the results of that.

LAUREN: I mean, we have some examples we could give you anecdotally. But I mean, I think it would be eye opening. If you want those? I don't know if you do.

TIM: We do want those. We would always appreciate more examples of where there's misses or lapses. And I think the anecdotes matter because none should slip through the cracks. And so that is a concern. But what we're really trying to do is design a process that would keep that from happening. I don't think we really feel like we have that right now. I think our intention is to, on a regular basis then when we meet with you, provide an update about what's happening with owner-optional coverage in terms of the operational aspects, the project that Brenda and Audrey are running, and then on the policy side what

kind of— where we're at in terms of policy. I think it's not 100 percent clear to us yet what can be solved administratively and what might take rules changes. And Courtney and Jim have provided some consultations about that. But we haven't quite run those questions to the ground yet. Or statutory changes I should say. That's something— in view of some people, some of these things may be statutory changes.

LAUREN: That's what we should consider if— I mean, when we get there.

TIM: Absolutely. At this point we're not ruling anything out. As far as the Department's concerned, all of those things are on the table and, you know, ideally we can solve them administratively, but if not, then we'll look to the rule, and if not, then we'll talk about, you know, agency-request legislation. But let's start at the lowest level.

LLOYD BROOKS: I think it's important to us to know that this is an urgent priority and as urgent for the Department as it is for us. And I think what needs to be recognized is the difference between frequency and severity, much like the IME pilot project and much like the common ownership. It's not that there are a lot of these; it's that when they happen, they're huge. And we really want to urge the Department to look at this more urgently.

TIM: In that regard, probably you feel like my pace on IME was better than my pace on common ownership? And you probably wish that I'm faster yet on this one. So, the answer is yes. I think we do have a sense of urgency about this. And it's a point well taken. One is a big deal, if it's your group that has that one. So, I think we have to be really thoughtful that— you know, we can tend to sound like, you know, we're running a \$2 billion a year business; we're not going to get wrapped around the axle over one owner claim. But that's not where we're coming from. They're all a big deal. And we do share your sense of urgency about fixing it. It's very important to us that there be integrity in the process. And I think the only other thing I would say is that we made a thoughtful decision as part of the pilot rulemaking to leave owner-optional coverage out of scope for the exceptions, but I think that we need to kind of prove it out before we get to contemplating permanent rules to really understand that question to decide whether that needs to be in bounds as part of permanent rulemaking related to common ownership. So again, Lloyd, it is an urgent concern for us. Just because there's a nominal number of cases doesn't mean it's a big deal to us.

KRISTEEN: So, I just had a thought that you've excluded specifically in the pilot. And it seems to me that had you included it, that would have been on your radar and you would have been able to collect the data to see whether it was an issue or not.

TIM: The challenge for us is we don't have the systems right now to support doing it— we don't have the systems to support, for instance, reporting them as a separate sub-account. The system can't support that in its current configuration.

KRISTEEN: Was that the question that Lauren had proposed? Because that was my next question. Because I know that you were talking about data that you didn't— couldn't collect. So could you— Lauren, what was your question about data?

LAUREN: My suggestion was— and I've heard it, and other people have said it too, was just that if you had a sub-account for the owners, it needs to be clear. If they are or if they're not, it would be so clear on every report, and it would also make it easier for us to either include or not include or make our arguments, you know, in that regard. To me, it's just very clean. There's no, you know, did they or didn't they. It would be very clean. It would be very transparent.

TIM: And for us, again, it's just about the systems, the recording, the reporting, and then whether we really have authority in the statute or in the rule to actually do that. I think we're just not clear that we have that authority at this point. But I do think that we need to figure it out before we get to permanent rule-making related to common ownership. Because I think it's still— it's a legitimate concern that could be considered as part of the permanent rulemaking.

KRISTEEN: Sure. And what I don't see is— I mean, I appreciate a system that's developed to collect the premium or make sure that hours are being reported and premium collection. But it still doesn't address the issue of validity. There's no owner who's going to be forthright and say whether or not they question their own claim, and then controlling the costs which we've already talked about that. So, if you don't develop a *system that confirms that part of it or be able to track that, then it doesn't matter how much premium you collect; you're going to be in a position of pension claims. And if you don't develop that system, then to me, it kind of seems like it's effortless what's going on.*

TIM: So, I think I need to be more clear: that would be in the scope of the project. We want to make sure that we can 'connect the dots' in terms of owners electing coverage, paying their premium, and then tracking back to the claims experience, and that there's the same kind of scrutiny of those claims as there would be of other claims in terms of validity. So, we appreciate that validity is real for you guys.

LAUREN: Well, and the light duty. If it a legitimate claim, you also have a conflict of interest for the employer who doesn't want to do light duty. So— and besides, how do you verify the wages? I mean, there's a lot of issues.

TIM: All of those issues for us are 'in scope' of that project.

Good of the Order

Meeting adjourned at approximately 11:35 a.m.

Retro staffing – update (*continued from page 5*)

Jan Gee and I were talking in the coffee line that there's lots of turnover in the Retro program. That's really true. And as I've said before in these meetings, that's largely my doing. I'm responsible for that. I'm just acknowledging that that's the case. Jessica and I were talking this morning and, you know, it's a real purposeful decision. It's intentional. In the model we talk about in our team, we talk about the right person in the right role with the right resources, and that we're trying to help people really grow into their potential. So we're absolutely about just helping people get the best out of their experience in Retro, and then what's the next best thing for them. And so that turnover is real intentional. We want people to have a great experience while they're working with us, and then we want them to go to the next place. And I'm confident that— as I look out over the audience and my staff here, I know that all of them need to do something different because they're all capable of so much more than they're doing now. I just feel like that's my duty to them to help them to get to where they need to get to. It takes a toll in terms with the relationship with you guys. What I was saying to Jessica this morning is that it's kind of a paradox, right? Because on one hand, what I want is for the service level just keeps getting better regardless who's in the chair, whether it's your FIC or your Enrollment Coordinator or your Claims Manager or the Program Manager, you should just keep getting better service. And on the other side of that, people are not interchangeable. Everybody has their own gift that they bring. And an individual person leaving is a loss for you. You make a relationship with them, and when they leave, it takes a toll. And so I just want to acknowledge that I'm aware of that, and we're trying to do what we can to mitigate that.

I also hope that you appreciate that that comes out of a vision that we have about helping people grow into their potential and do as much as they can do while they're here and then move on to the next best thing for them. I did provide an updated org chart at the back of the room for you today. I don't think it made it into the packets because -- as ever to the consternation of my staff -- I just keep changing things at the last possible second. I'll talk from that document. This is week 234 for me as your Program Manager. Mark has endured with me across all of that time. So, that's a credit to you. Mark continues as our Executive Assistant. Jessica is back from maternity leave. Grateful to have you back, Jess. Her team is the FIC team. And we have a new FIC— Financial Incentive Coordinator— starting on Monday. Corey Geller will be here. Thanks to Brian Bishop. Brian was part of our hiring panel. We also have a promotion for Julie Osterberg. Julie will transition from being Enrollment Coordinator to being Financial Incentive Coordinator. We're going to try to balance the needs of the groups and the individually-enrolled employers around the staff that we have in place. We'll reach out to you guys for feedback about that. On the Enrollment Coordinator side, Ashley Frank will resume being Supervisor for the Enrollment Coordinator team. With Julie's promotion, we'll have a vacant Enrollment Coordinator position to fill. We'll start that recruitment next week. Your current Enrollment Coordinator team is: Debbie Sanders, Crystal Forsberg-Taylor, Rachelle Jefferson and Jeremy Jones. Marnee Couthran is in charge of the Claims Manager team. Ardith Koontz just retired on Monday after more than twenty years of State service— we sent her off to Key Largo. And we have Nancy Lach and Tamar Owsen on Marnee's team handling adjustment protest claims, project work related to claims and the U-C-IT group. So that's the current compliment of staff that we've got in place for you today.

And José Cuellar is on a developmental job assignment for one year in RDS— Research and Data Services. He's helping us create the reports and do the analysis that we do to support some of the things that we do for you. And José has taken a one-year non-permanent appointment to work in the Research and Data Services team.

July adjustment protests – Update *(continued from page 7)*

We got 248 protests up from 10 from last year. 61 were granted. 84 pended. And 103 denied. A lot of those pends— and we've already had a handful come back. So the idea is if there's an outstanding protest or a third-party recovery, for the most part, that's what those represent, anticipated or appeal and you anticipate prevailing, it will pend our response to grant relief until that's resolved. And so we've already got some of those back. And I anticipate there will be a good number of those flipping over to grants also. So the additional refund amount for this cycle was almost \$3 million in annual adjustments. And we will update the Retro Web site to reflect that, those adjusted numbers. And October protests are rolling in Monday. So good timing.
