

## **Retro Advisory Committee (RAC) Meeting**

Labor and Industries, Tumwater, WA

Meeting Minutes

2/23/2023

Virtual (Zoom)

### **Trade Association Representatives:**

Lauren Gubbe, Associated General Contractors  
Victoria Montrose, Washington Hospitality Association  
Tim Lundin, Archbright  
Maria McClain, Association of Washington Business  
Rose Gundersen, Washington Retail Association

### **Individual Firm Representatives:**

Luis Sanchez, Grant County Public Utility District No. 2 (*not in attendance*)  
Tom Walrath, T.E. Walrath Trucking, Inc.  
John Cichosz, DJ's Electrical (*not in attendance*)

### **Labor and Industries:**

Jessica Nau, Retrospective Rating Program Manager, *Committee Chair*

### **Court Reporter:**

Pamela Nelson, Capitol Pacific Reporting

### **Recorder:**

Tyler Langford (*present*)

### **Guests:**

Abigail Potter, Anthony Felice, Alicia Milani, Amy Rhodes, Amy Early, Art Dalessandro, Ben Bower, Bill Vasek, Brandon Dion, Brenda Heilman, Brian Ducey, Brianna Broadrick, Casey Sparber, Chris Ristine, Cindy Kropp, Corwyn Fischer, Curran Bower, Dan Beaty, Dan Plunkett, Debra Hatzialexiou, Debra Brown, Erich Hahn, Gwen Perkins, Heather Vogus, Ian Payne, Jason McFadden, Jeaneil Brown, Jeff Lutz, Jennifer Aldrich, Joshua Ligosky, Julie Burke, Kaethe Long, Keith Bingham, Kelly Boykin, Ken Smith, Kevin McDaniel, Kevin Neubauer, Kris Johnson, Kyle Ducey, Leslie Qunell, Lisa Sullivan, Lisa Vose, Matt Carrithers, Melissa Shannon, Michelle O'Brien, Mike Williams, Nicholas Kot, Nichole Runnels, Pamela Trujillo, Rachele Bohler, Rajesh Sahasrabuddhe, Robert Mitchell, Rose Kohler, Ryan Moore, Sarah Crain, Sarah Fishback-Duran, Scott Bradley, Sean Phillips, Shannon Elliott, Sheila Parker, Taja Blackhorn, Tara Withrow, Teresa Sheldon

### **Welcome and Introductions: Jessica Nau**

The meeting began with a welcome message from Ms. Nau and introductions from each of the committee members present. Ms. McClain made a motion to approve the minutes from the December 1, 2022 meeting. Mr. Lundin seconded the motion. The motion passed unanimously. Ms. Nau reviewed the agenda.

### **Safety Topic: Anthony Felice**

Mr. Felice talked through slides 5 – 19.

### **Legislative Updates: Brenda Heilman**

Ms. Heilman talked through slides 20 – 21. **Ms. Gubbe asked** for clarification as to whether the department is in favor of HB 1197/SB 5310. **Ms. Heilman confirmed** that the department is in favor because it is agency request legislation. **Ms. Gubbe asked** whether the bill would only apply to PTSD claims, and whether a psychologist could be added to a claim where there is a physical condition that is stable and a mental condition, such as depression, is the only remaining condition under treatment. **Ms. Heilman responded** that she thought that scenario was possible, but unlikely, but that she would review the bill again and follow up to ensure that that is correct. **Ms. Gundersen asked** for clarification from the department on this issue, noting that she believes she was given a different answer at a prior meeting. **Ms. Heilman responded** that she will review the bill and follow up. **Casey Sparber, Sedgwick, asked via Zoom chat** “What about mental health claims where the IW says that the work place caused stress(?)”. Ms. Heilman responded that claims for workplace stress are not allowable, except when it meets the definition of injury for firefighters, first responders, and LEOFF members.

### **Secure Application Programming Interface (API): Matt Carrithers**

Mr. Carrithers talked through slides 22 – 24.

### **Insurance Table Study: Leslie Qunell, Joshua Ligosky, Rajesh Sahasrabuddhe**

Ms. Qunell talked through slides 25 – 26.

Mr. Ligosky talked through slides 27 – 45. **Ms. Gubbe asked via Zoom chat** whether the department did the insurance table study using only 9 years of data as well. **Mr. Ligosky responded** that the department used 18 years because it is an involved study and running the study both ways would not have been feasible given the personnel and timeframe available.

**Ms. Gubbe asked** whether the Policy Administration Expense charge update used 18 years of data also, or if it was just the last three years. **Mr. Ligosky responded** that for the hazard groups and insurance charges, they used 18 years of data because those are complex modeling exercises so need more data to

really understand what is happening. For expense ratios, the intent is to make those consistent with what is in the base rates, which are based on more recent data. This is consistent with the last insurance table study.

**Ms. Gubbe asked** whether doing the study more often would result in smaller changes. **Mr. Ligosky responded** that if the study were done more frequently than five years it would mean smaller changes, at least for the expense factors since they would more closely track what was going on with the base rates. The upside of our current five year cycle is that we only have to focus on the study once per five years, while the downside is that the changes can be large, which is always a concern in insurance. **Ms. Gubbe added** that since each retro participant's performance is affected by everyone else's plan choices it might be beneficial to do the study more often and make it more transparent. **Mr. Ligosky responded** that the advantage of more frequent updates would be changes would be more visible over time and maybe more smooth. **Ms. Nau added** that she has captured this discussion as a takeaway to explore and see what the various options would be to do the updates more frequently.

**Brandon Dion, Vigilant, asked via Zoom chat** whether the Policy Administration Expense charge is impacted by the entire L&I cost structure, or if it is just related to workers' compensation expenses. **Mr. Ligosky responded** that there are noninsurance expenses accounted for in that category, that are also offset by fines, penalties, and interest. **Ms. Nau added** that that is her understanding too.

**Ms. McClain asked via Zoom chat** what the historical level of the Policy Administration Expense charge was seven years ago. Mr. Ligosky responded that slides 34 and 35 show that information, and that the expense charge has been increasing over time due to a number of factors, including inflation. **Ms. Nau added** that inflation is a large factor, since everything costs more now, and that doing the study every five years forces us to "catch up" to inflation with one large jump, rather than incrementally. **Ms. Gundersen asked** for a more discrete breakdown of the various expenses that make up the Policy Administration Expense charge. **Mr. Ligosky responded** that it was possible to look into it in more detail, but that he would not have much insight into the operational changes that caused the components to change.

**Dan Beaty, Vigilant, asked via Zoom chat** whether the department has had any discussions about the timing of the insurance table rule changes. **Ms. Nau responded** that yes, the rules timeline is tentative and that the department's intent is that implementation will not occur until stakeholders feel

competent and confident with the changes. The department will be conducting outreach, and if, during that outreach, it becomes clear that more time is needed, the July 1 implementation date can be pushed out.

**Ms. Gubbe noted** via Zoom chat that she would like the last three adjustments of last year modeled so that she can see what the difference would have been under the new tables. **Ms. Nau responded** that the department is working on a second set of modeling data that would be a comparison of what the tables would have looked like at the time of adjustment for all participants.

**Heather Vogus, Sedgewick, asked via Zoom chat** whether the department will let associations know if they will be impacted by a hazard group change and what their new hazard group would be. **Ms. Nau responded** that yes, that information would be included in the modeling, as well as whether there would have been a change in refund and the factors contributing to the change.

**Mr. Dion asked via Zoom chat** how many years back the modeling would be provided. **Ms. Nau responded** that the first set of modeling would be for the past three coverage years, but the Financial Incentive Coordinator team is looking into going further back, as far as 2017.

**Ms. Gubbe asked** whether the rate of pensions has increased. **Mr. Ligosky responded** that the rate of pensions has actually fallen. The value of individual pensions has increased, meaning that a larger amount of loss is excluded by a given single loss limit, making that single loss limit more expensive.

**Ms. Gubbe asked** whether the same actuarial firm that was used for the last study was used this time. **Mr. Ligosky responded** that the same firm was used.

Mr. Ligosky talked through slide 46 and introduced Rajesh Sahasrabuddhe, consulting actuary with Oliver Wyman. Mr. Sahasrabuddhe talked through slides 47 – 52. **Ms. Gubbe asked** for an elaboration on any difference of opinion that Mr. Sahasrabuddhe had with the prior Oliver Wyman lead actuary, Scott Lefkowitz. **Mr. Sahasrabuddhe responded** that he did not have a different opinion as to the correctness of the insurance table calculations, just a difference in approach in terms of how the report is structured. **Ms. Gubbe asked** whether the Oliver Wyman review included a review of the loss development factors used by claim type. **Mr. Sahasrabuddhe responded** that that information was not reviewed by Oliver Wyman. **Ms. Nau added** that it was out of scope for this review.

### **RAC Workgroup Updates: Mike Williams, Maria McClain**

Mr. Williams talked through slides 55 – 57.

Ms. McClain talked through slide 59.

### **Retro Updates: Jessica Nau, Tyler Langford**

Ms. Nau talked through slides 61 – 65. Those present participated in a Zoom poll related to remote vs. hybrid RAC meetings. Ms. Nau then talked through slides 66 – 67 and introduced Mr. Langford.

Mr. Langford talked through slides 68 – 70.

Ms. Nau talked through slides 71 – 73.

**Amy Early, AWB Retro, asked via Zoom chat** what the results of the poll were. **Ms. Nau responded** that the results aren't immediately available, but that Mr. Langford will share the results with the community once available.

**Ms. Gubbe commented** that having the rule change related to common ownership finished by July enrollment would be ideal. **Ms. Nau agreed.**

Meeting adjourned.