

GOVERNMENTAL OPERATIONS

Agency 160

Office of Insurance Commissioner
Recommendation Summary

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
2017-19 Original Appropriations	245.0	0	64,163	64,163
Maintenance Comp Changes:				
1. Updated PEBB Rate	0.0	0	(151)	(151)
2. Paid Family Leave--Employer Premium	0.0	0	5	5
Maintenance -- Comp Total	0.0	0	(146)	(146)
Maintenance Central Services Changes:				
3. Audit Services	0.0	0	(3)	(3)
4. Legal Services	0.0	0	(2)	(2)
5. CTS Central Services	0.0	0	3	3
6. DES Central Services	0.0	0	1	1
7. OFM Central Services	0.0	0	6	6
8. Workers' Compensation	0.0	0	21	21
9. DES Rate Compensation Changes	0.0	0	5	5
Maintenance -- Central Svcs Total	0.0	0	31	31
Total Maintenance Changes	0.0	0	(115)	(115)
2017-19 Maintenance Level	245.0	0	64,048	64,048
Policy Other Changes:				
10. Health Insurance Market	0.0	0	390	390
Policy -- Other Total	0.0	0	390	390
Policy Comp Changes:				
11. PERS & TRS Plan 1 Benefit Increase	0.0	0	20	20
Policy -- Comp Total	0.0	0	20	20
Policy Central Services Changes:				
12. Legal Services	0.0	0	3	3
13. Administrative Hearings	0.0	0	1	1
14. CTS Central Services	0.0	0	17	17
15. DES Central Services	0.0	0	9	9
16. OFM Central Services	0.0	0	16	16

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Office of Insurance Commissioner (cont.)

Recommendation Summary

Dollars in Thousands	Annual FTEs	General Fund State	Other Funds	Total Funds
17. CTS Fee for Service Adjustment	0.0	0	25	25
Policy -- Central Svcs Total	0.0	0	71	71
Total Policy Changes	0.0	0	481	481
2017-19 Policy Level	245.0	0	64,529	64,529

POLICY CHANGES

1. Updated PEBB Rate

The funding rate for the Public Employees' Benefits Board (PEBB) insurance program is adjusted for fiscal year 2019 to reflect updated actuarial projections, administrative costs and payments to third-party administrators. The funding is sufficient for a new virtual diabetes prevention program and a change in the waiting period for dental crown replacements in the Uniform Dental Program (UDP) from seven to five years. The change would bring UDP into alignment with the current waiting period in the managed dental plans. This reduces the fiscal year 2019 funding rate from \$957 per month to \$906. (General Fund-Federal; Insurance Commissioner's Regulatory Account-State)

2. Paid Family Leave--Employer Premium

A paid family and medical leave program was created by Chapter 5, Laws of 2017, 3rd Special Session. Beginning January 1, 2019, the state, as an employer, will be responsible for payment of employer premiums for employees not covered by a collective bargaining agreement. This item provides funding for this obligation. (Insurance Commissioner's Regulatory Account-State)

3. Audit Services

Agency budgets are adjusted to reflect each agency's allocated share of charges for state government audits. (Insurance Commissioner's Regulatory Account-State)

4. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (Insurance Commissioner's Regulatory Account-State)

5. CTS Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways and geospatial imaging services. (Insurance Commissioner's Regulatory Account-State)

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Office of Insurance Commissioner (cont.)**Recommendation Summary****6. DES Central Services**

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Department of Enterprise Services (DES) for campus rent, utilities, parking and contracts; a capital project surcharge; financing cost recovery; public and historic facilities; real estate services; risk management services; small agency financial and human resource services; personnel service rates; the Perry Street child care center; and the department's enterprise applications. (Insurance Commissioner's Regulatory Account-State)

7. OFM Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (Insurance Commissioner's Regulatory Account-State)

8. Workers' Compensation

Agency budgets are adjusted to reflect each agency's estimated charges from the Department of Labor and Industries for workers' compensation. (Insurance Commissioner's Regulatory Account-State)

9. DES Rate Compensation Changes

Funding is provided to cover compensation and central service cost increases that were included in the 2017-19 biennial budget in lines of business at the Department of Enterprise Services that have a fee for service structure. (Insurance Commissioner's Regulatory Account-State)

10. Health Insurance Market

Federal actions, such as the announcement that the Affordable Care Act individual mandate will not be enforced and the suspension of reimbursements to health insurance carriers for federally required cost-sharing reduction subsidies, have significantly impacted health insurance carrier confidence in the Washington state individual health insurance market. Funding is provided for the Office of Insurance Commissioner (OIC) to take steps to stabilize Washington's individual health insurance market for plan year 2019 and beyond. Funding will allow market stabilization approaches that include actuarial and economic studies for potential state-based reinsurance programs and publicly offered options to reduce future premium increases. (Insurance Commissioner's Regulatory Account-State)

11. PERS & TRS Plan 1 Benefit Increase

For eligible Public Employees' and Teachers' Retirement System Plan 1 members, this item provides a one-time ongoing increase of 3%, up to a maximum of \$62.50 per month. (Insurance Commissioner's Regulatory Account-State)

12. Legal Services

Agency budgets are adjusted to reflect each agency's anticipated share of legal service charges. (Insurance Commissioner's Regulatory Account-State)

13. Administrative Hearings

Agency budgets are adjusted to reflect each agency's anticipated share of charges for administrative hearings. (Insurance Commissioner's Regulatory Account-State)

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Office of Insurance Commissioner (cont.)

Recommendation Summary

14. CTS Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Consolidated Technology Services Agency (WaTech) for the Office of the Chief Information Officer, Office of Cyber Security, state network, enterprise systems, security gateways and geospatial imaging services. (Insurance Commissioner's Regulatory Account-State)

15. DES Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Department of Enterprise Services (DES) for campus rent, utilities, parking and contracts; a capital project surcharge; financing cost recovery; public and historic facilities; real estate services; risk management services; small agency financial and human resource services; personnel service rates; the Perry Street child care center; and the department's enterprise applications. (Insurance Commissioner's Regulatory Account-State)

16. OFM Central Services

Agency budgets are adjusted to reflect each agency's allocated share of charges from the Office of Financial Management for the One Washington project. (Insurance Commissioner's Regulatory Account-State)

17. CTS Fee for Service Adjustment

Rates for wireless, virtual private network, and server infrastructure services are increased effective January 1, 2018 to align revenues with WaTech's cost of providing services. Monthly rates per device or service will increase for wireless to \$50, Centrex services to \$45 and virtual private network to \$285 per tunnel per month with a \$500 setup fee. (Insurance Commissioner's Regulatory Account-State)