

AWC Employee Benefit Trust

HEALTH CARE PROGRAM 2022 ANNUAL REPORT



C H O I C E | H E A L T H | S E R V I C E



Providing excellent service and value is our new “normal”

The Trust has adapted to our new normal by implementing technologies that help us to do our work both at home and in the office and serve our members who are continuing to do the same. Like many others, we went from telework and virtual meetings and presentations in 2021, to meeting in person (again) and online in 2022. This was done in order to meet our employer's staffing needs and the post-pandemic uncertainty.

As we adapt to changes since COVID-19 and look to the future, the Trust will continue to look for opportunities to engage one-on-one with our membership and identify areas where we can assist and have an impact on easing the burden of benefits administration. We look forward to more in-person and networking opportunities to allow small cities, large cities, and special purpose districts to benefit from an exchange of information and have a voice in what they would like to see in the future.

In 2022, Trust staff, the Employee Benefits Advisory Committee, and the Board of Trustees participated in a Long-Range Strategic Planning Retreat, where key areas of focus included the workforce as well as healthcare in a post-pandemic (but still changing) environment. Important issues were discussed, strategies were developed, and the Trust's goals and core values were updated to reflect our renewed commitment to meeting the needs and challenges of our members and ensuring the sustainability of the Program.

We will continue to offer our members a variety of benefit options at affordable rates through the excellent partnerships we have with our vendors, carriers, and consultants, with our outstanding and responsive customer service every day to ensure that we not only meet but exceed our members' expectations.

On behalf of the Board of Trustees, we would like to say thank you to our wonderful staff who provide outstanding and dependable service to our members, our Board of Trustees, the Trust Health Care Program Board, the Employee Benefits Advisory Committee, and consultants for another exceptional year of service.

Sincerely,

Glenn A. Johnson, Chair
Mayor, Pullman
Proud to be a WellCity

This annual report provides financial information and membership data for the AWC Employee Benefit Trust's self-insured Health Care Program, which was established January 1, 2014.





Trusted leadership and value in a new world

As the world of health benefits continues to evolve, the AWC Employee Benefit Trust is the trusted partner for cities, towns, and other local governments in Washington state to help navigate our healthcare system and ensure that employees have the benefits they need at a price the employer can afford. The AWC Trust offers a thoughtful and comprehensive approach to ensure that employer and employee needs are met now and into the future. We take pride in our ability to deliver excellent services at competitive rates that not only stand up to our competition but excel in value to the employee and employer.

The AWC Trust is utilizing innovation and technology to meet our commitment to excellence, and we have implemented several new technologies to provide education, training, and conferences both online and in-person.

Reflecting back on the past year, the Trust implemented an organizational change to structure the Trust for growth in the future. The Trust also added new benefits and enhanced existing benefits with minimal cost impact to our members, adding infertility benefits and enhancing our basic life benefits. Willamette Dental also transitioned from fully funded to self-funded in 2022, resulting in lower rates in the process. The Trust continues to monitor the WA Cares Fund legislation and keep our members informed of impacts to their employees.

Trust staff were able to get back out on the road and meet our membership in person with benefit fairs and presentations, and a return to “normal” in-person conferences again, while continuing to offer pre-recorded and online options. We are continuing our efforts to engage our membership and provide in-person trainings, education, and networking opportunities.

At the Trust’s Long Range Strategic Planning Retreat, the Employee Benefit Advisory Committee and Trust Board of Trustees took on the challenge of revising the Trust’s goals, envisioning the future of the Trust, and adapting strategies to incorporate health equity and DEI initiatives. We continue our efforts through collaboration with our vendor partners to identify areas where we can improve access to care, communication, and engagement.

We look forward to continuing serving you and your employees in the coming years and innovating our benefits to meet your needs with excellent service and dependability you can count on. And, most of all, as we return back to normal operations, I look forward to seeing you at our in-person events in 2023!

Sincerely,

A handwritten signature in orange ink, appearing to read 'Deanna Dawson'. The signature is fluid and cursive.

Deanna Dawson
Chief Executive Officer
Association of Washington Cities



Our mission and vision are more than just words – they are statements we live by

The Board of Trustees is committed to its long-standing mission of providing quality benefit programs to Washington cities and towns in an efficient and cost-effective manner. This is done through timely information, technical assistance, member education, and advocacy.

With constant changes in the health care industry, the Trustees' vision is that the Employee Benefit Trust:

- Is an innovative enterprise that anticipates change in the benefits marketplace;
- Understands the evolving needs of its members; and
- Provides a sophisticated array of creative and cost-effective services that build health and wellness among its members.

Our goals are to:

- Preserve the Trust's fiscal health and sustainability while investing in the Trust's future needs;
- Proactively manage the rate of increase in health care costs for the Trust and its members;
- Address members' evolving benefit needs in a changing healthcare environment by solidifying and sustaining the Trust as a leader;
- Ensure member awareness and depth of knowledge of the Trust's services;
- Utilize technology and strategic innovation to promote efficiencies in Trust operations, better meet the needs of Trust members, and enhance the security of Trust data;
- Increase participation and empower members to take a more active role in managing their health by providing relevant wellness programs, services, and resources; and
- Seek to understand and embrace the diversity of our communities and commit to providing inclusive and accessible benefits for all.



The Health Care Program offers the best coverage options to serve our members

The Health Care Program, a joint self-insured program, was created in 2014 by Interlocal Agreement. Through the Health Care Program, the Trust offers self-insured health care coverage and benefit options to participating employees and beneficiaries. The Trust contracts with Regence BlueShield/Asuris Northwest Health, Kaiser Foundation Health Plan of Washington/Kaiser Foundation Health Plan of Washington Options, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan for self-insured medical, dental, and vision coverages.

The following is an outline of the self-insured Health Care Program coverages offered to AWC Trust membership in 2022.

Regence BlueShield/ Asuris Northwest Health	Kaiser Permanente	Delta Dental of Washington	Willamette Dental	Vision Service Plan
Active coverage				
AWC HealthFirst® 250	Kaiser 200	Plan A	\$10 copay	\$0 copay
AWC HealthFirst® 500	Kaiser 500	Plan B	\$15 copay	\$10 copay
Accountable Health Network	Kaiser Access PPO	Plan C		\$25 copay
High Deductible Health Plan, HSA qualified	High Deductible Health Plan, HSA qualified	Plan D		\$10/\$15 copay
Plan A – LEOFF 1		Plan E		Second pair option rider – can be added to \$0, \$10, or \$25 copay plans
		Plan F		
		Plan G		
		Plan J		
		Ortho rider I, II, III, IV, V – can be added to any active dental plan		
Retiree coverage				
Plan A – LEOFF 1	\$0 copay plan – LEOFF 1	Retiree PPO	Retiree \$15 copay	
Retiree HealthFirst® 1000	Retiree Kaiser 1000			
Retiree HealthFirst® 2500	Retiree Kaiser High Deductible Health Plan			
Retiree High Deductible Health Plan				

We emphasize total health management

Since 1984, the Board of Trustees has been committed to adopting programs and policies aimed at moderating the cost of health care, while staying focused on quality. Along the way, staff have helped employers build their own quality wellness programs.

Additional support provides insured individuals with education, tools, and resources that encourage healthy behaviors and wise use of health care resources. Sixty nine percent of insured households are registered on Health Central, the Trust's employee health and benefits portal, and 42% of registered users return every 90 days. Over 1,800 members participated in a steps challenge in 2022.

With a goal to **increase participation and empower members to take a more active role in managing their health by providing relevant wellness programs, services, and resources**, we believe member education is paramount to our success. That's why we make our services easy to access for employers both large and small. Whether through one-on-one consultations, small group meetings, the Healthy Worksite Summit, or through live or on-demand eLearning sessions, we offer Trust members the best in worksite wellness training.

In 2022, 112 employers, representing 77% of insured employees, celebrated WellCity recognition. The efforts of these members benefit the entire pool, as medical claims costs directly impact premiums. As a group, claims costs are 3.9% lower among WellCities. WellCities place employee well-being among their core values and demonstrate that belief by developing healthy workplace cultures. As a reward, they earn a 2% discount on medical premiums in the following year.



Our strength is in our numbers

The Health Care Program pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

262 cities, towns, and quasi-municipal jurisdictions participate in the Health Care Program. This totals 38,000 employees and family members statewide.

Eligible members are cities and towns within the state of Washington. Quasi-municipal jurisdictions are eligible to apply for coverage under the Health Care Program by submitting an application to the Board of Trustees for review as required in the Trust Governing Agreement.

The Trust adopted a large employer policy in 2020, enabling employers with over 600 employees to provide medical claims experience for individualized rate quotes. Large group employers have the ability to customize their benefit offerings to meet the specific needs of their employees.

Participating employers pay monthly contributions to the Health Care Program. The program is responsible for payment of all covered claims and purchases medical stop-loss insurance through United States Fire Insurance Company in the amount of \$1.5 million. The aggregate policy is for 200% of expected medical claims.

Pooling is the right choice

The strength of 262 employers pooling claims and administrative costs makes financial sense. A large pool of approximately \$242 million in annual contributions can absorb higher-dollar claims, whereas individual cities and other jurisdictions would find it financially burdensome, if not impossible. Year after year, this offers greater purchasing power and predictability for member employers. Pooling is the right choice for municipalities.

In working to **address members' evolving benefit needs in a changing health care environment**, a number of plan enhancements were made in 2022.

Following a member request that Trustees look at covering infertility treatment, the Advisory Committee and Trustees reviewed related services, benchmarking, and cost. The Board felt this was an important benefit offering and the Trust partnered with Regence and Kaiser to add benefits for treatment of infertility. This benefit has a lifetime maximum of \$25,000 which includes all treatments, procedures or medications used to treat infertility. This significant outcome is an example of how decision-making is made by your Trustees, who are a representation of our covered population. The Trustees also expanded Wondr Health, the digital behavioral change program, allowing more members to participate by lowering the minimum BMI for participation.

In **proactively managing the rate of increase in health care costs**, the Trustees are keenly aware of rising prescription costs, and felt it important to comply with industry standards for quantity coverage of specialty medications. Plans that had a 90-day supply available at the pharmacy were changed to a 30-day supply.

The Trustees have committed to continuing cost containment efforts through the dependent verification eligibility services, and 2022 concluded the eighth complete year of providing this service to member employers. In 2022, projected annual savings was about \$3.8 million, which was primarily in the form of premiums saved by Trust employers. These savings leverage a significant benefit for our member employers.

Statement of net position

As of December 31, 2022 and 2021

	2022	2021
Assets:		
Cash and cash equivalents	\$25,356,100	\$23,261,423
Investments, at fair value	39,782,767	40,834,734
Due from trust	21,585,355	14,257,789
Accrued interest	95,003	49,731
Receivables	6,102,107	2,053,696
Other assets	123,762	158,762
Total assets	\$93,045,094	\$80,616,135
Liabilities:		
Claims payable	\$7,484,480	\$10,765,240
ASO/transitional reinsurance fee payable	104,593	55,390
Administrative expenses payable	807,614	394,231
Unearned member contributions	3,280,027	2,156,036
Incurred but not paid (IBNP)	25,429,000	21,532,000
Total liabilities	\$37,105,714	\$34,902,897
Net position:		
Unrestricted	\$55,939,380	\$45,713,238
Total net position	\$55,939,380	\$45,713,238
Total net position and liabilities	\$93,045,094	\$80,616,135

Statement of revenues, expenses, and changes in net position

For the year ending December 31, 2022 and 2021

	2022	2021
Operating revenues:		
Member contributions	\$241,864,673	\$224,320,727
Total operating revenues	\$241,864,673	\$224,320,727
Operating expenses:		
Claims expense	\$209,878,942	\$205,065,381
Administrative services only fees	12,316,328	12,352,397
Reinsurance and stop loss premiums	2,014,855	1,475,543
General and administrative expenses	6,150,391	6,053,765
Total operating expenses	\$230,360,516	\$224,947,086
Operating income:	\$11,504,157	(\$626,359)
Nonoperating revenues/expenses		
Interest income (expense)	(\$1,278,015)	(\$165,353)
Total non-operating revenues	(\$1,278,015)	(\$165,353)
Change in net position:	\$10,226,142	(\$791,712)
Total net position - January 1	\$45,713,238	\$46,504,950
Total net position - December 31	\$55,939,380	\$45,713,238

The condensed financial information is derived from the Health Care Program unaudited financial statements for 2022 and do not include notes. A copy of the complete audited financial statements can be obtained from the Trust upon request.

Slowing the rate of increase for health insurance

As healthcare costs continue to rise, the AWC Trust has taken steps to **proactively manage the rate of increase in health care costs for the Trust and its members**. Although specialty medications continue to be the drivers of double-digit increases in cost trend, the Trust has taken steps to mitigate some of the impacts of pharmacy spending by implementing programs such as the mandatory select program, infused drug site of care program, and copay maximization program.

Additionally, the Trust transitioned the fully insured Willamette Dental Group plan offerings to a self-insured model. While coverages remained the same for insured members, the Trust was able to achieve further reduced costs, which accounted for an additional 5% reduction in premiums.

In 2022, the Trust collaborated with the Washington Health Alliance to address claims for low back pain which are often a driver in unnecessary claims costs, to develop a care pathway for employees who are experiencing low back pain. The Trust produced a video about low back pain and at-home treatments to reduce back strain as well as where and when to seek treatment to help eliminate unnecessary claims costs.

Staff continue to work to **increase participation and empower members to take a more active role in managing their health by providing relevant wellness programs, services, and resources**. The efforts of WellCities are positively impacting all Trust members by helping to moderate the rate of premium increase. WellCities have a lower medical and pharmacy trend than our non-WellCities and these changes provide opportunities to achieve low-cost access and better value in health care by improving our members' health while also keeping costs in mind.

The Trust's trend compared to industry trend



* PPO and HMO combined trend was used for both the Segal Industry trend and AWC trend.



AWC Employee Benefit Trust Health Care Program Board of Trustees

The AWC Employee Benefit Trust is governed by members. As detailed in the Trust's Interlocal Agreement, the Board of Trustees is the governing authority for the Trust's self-insured Health Care Program and has a fiduciary obligation to administer the program on behalf of the contributing members. The Board consists of four regionally elected officials from Trust member cities or towns, the Employee Benefits Advisory Committee Chair and Vice Chair, and two Trustees appointed by the AWC Board of Directors. The Board of Trustees contracts with AWC for professional management and administrative services.

AWC Trust Health Care Program Board of Trustees

Glenn A. Johnson • Trustee Chair • Mayor, Pullman
Jennifer Gorsuch • Administrative Services Director, Camas
Josh Penner • Mayor, Orting
Wendy Weiker • Councilmember, Mercer Island
Julie Struck • Mayor, South Bend
Jennifer Jensen • Councilmember, Ruston
Emily Schuh • Administrative Services Director, Anacortes
Paul Schmidt • Councilmember, Cheney



AWC Trust Employee Benefits Advisory Committee

The Employee Benefits Advisory Committee provides direct guidance and input to the Board of Trustees regarding Trust programs, provisions, and operations.

Emily Schuh • EBAC Chair • Administrative Services Director, Anacortes
Jennifer Gorsuch • EBAC Vice Chair • Administrative Services Director, Camas
Adrienne Johnson-Newton • Human Resources Director, Des Moines
Dale Cantrell • Information Systems Director, Wenatchee
Corey Osborn • Human Resources Director, Kennewick
Kelsey Geddes • Community Engagement Manager, Fife
Julie Good • Sr. Human Resources Specialist, Lake Stevens
Greg Griffin • Administrative Services Manager, Spokane Regional Transportation Council
Holly Pannell • City Clerk/Human Resources Manager, Colville
Matthew Pruitt • Human Resources Director, Bothell
James Trefry • Administrative Services Director, Arlington
Ann-Marie Zuniga • Clerk/Treasurer, McCleary
Nabiel Shawa • City Manager, Walla Walla
Heidi Evans • Human Resources Manager, Pullman
Debbie Zabell • Finance/Human Resources Director, Toppenish
Debbie Lund • Human Resources Director, Port Orchard

Staff

Deanna Dawson • Chief Executive Officer
Alicia Seegers Martinelli • AWC Deputy CEO/COO
Carol Wilmes • AWC Director of Member Pooling Programs
Gene Emmans • AWC Chief Financial Officer
Beverly Lakey • Program Director
Bobbi Fox • Employee Benefits Analyst
Terri Luther • Marketing & Field Service Manager
Harizon Odembo • Employee Benefits Manager
Heidi Buswell • Employee Benefits Coordinator
Tanya Campbell • Employee Benefits Coordinator
Cody Madsen • Employee Benefits Coordinator
Lisa Good • Employee Benefits Specialist
Laurell Kaiser • Health Promotion Supervisor
Megan Cohara • Health Promotion Coordinator

Health Care Program partners

Insurance carriers

Regence BlueShield/Asuris Northwest Health
Kaiser Foundation Health Plan of Washington/Kaiser Foundation Health Plan of Washington Options
Delta Dental of Washington
Willamette Dental Group
VSP Vision Service Plan

Total health management

Castlight Health
Regence BlueShield/Asuris Northwest Health
(Condition management; Nurse advice line)
Kaiser Foundation Health Plan of Washington
(Condition management; Nurse advice line; Tobacco cessation)
ComPsych (EAP)

Operations and administration

Aon • Broker & actuarial consultant
Perkins Coie • Legal counsel
Vimly Benefit Solutions • Billing & COBRA administration
Merganser Capital Management • Investment manager
Moss Adams • Financial auditor
RVK • Investment consultant



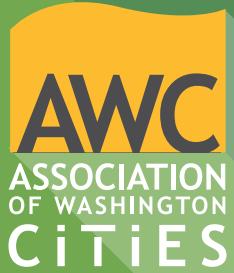
member
expo

AWC
ASSOCIATION
OF WASHINGTON
CITIES

Education
Training that is mobile,
meaningful, and manageable

Employers purchasing coverage

Aberdeen | Adams County Mosquito Control District | Airway Heights | Albion | Algona | Almira | Anacortes | Arlington | Asotin | Auburn | Bainbridge Island | Battle Ground | Beaux Arts Village | Bellingham | Benton Clean Air Agency | Benton-Franklin Council of Governments | Bingen | Black Diamond | Blaine | Bonney Lake | Bothell | Bremerton | Bridgeport | Brier | Buckley | Bucoda | Burien | Burlington | Camas | Carbonado | Cascade Water Alliance | Chehalis | Chelan | Cheney | Chewelah | Clarkston | Cle Elum | Clyde Hill | Colfax | College Place | Colton | Columbia County Public Transportation | Colville | Conconully | Concrete | Connell | Cosmopolis | Coulee City | Coulee Dam | Coupeville | Covington | Creston | Darrington | Davenport | Dayton | Deer Park | Des Moines | Des Moines Pool Metropolitan Park District | Dupont | Duvall | East Wenatchee | Eatonville | Edgewood | Edmonds | Electric City | Elma | Elmer City | Endicott | Entiat | Enumclaw | Fairfield | Farmington | Federal Way | Ferndale | Fife | Fircrest | Forks | Fort Worden Public Development Authority | Friday Harbor | Garfield | George | Gig Harbor | Gold Bar | Goldendale | Grandview | Hamilton | Harrah | Hoquiam | Housing Authority City of Pasco/Franklin County | Housing Authority of Okanogan County | Hunts Point | I-COM 911 | Ilwaco | Index | Ione | Issaquah | Kelso | Kenmore | Kennewick | Kettle Falls | King County Regional Homelessness Authority | Kitsap Regional Library | Kitsap Transit | La Center | La Conner | Lacey | Lacey Fire District | Lacrosse | Lake Chelan Airport | Lake Forest Park | Lake Stevens | Lakewood | Liberty Lake | Lind | Long Beach | Longview | Lott Clean Water Alliance | Lyman | Lynden | Lynnwood | Maple Valley | Marysville | Mason County Emergency Communication | Mason Transit Authority | McCleary | Medical Lake | Medina | Mercer Island | Mesa | Metaline Falls | Mill Creek | Millwood | Milton | Monroe | Montesano | Morton | Moses Lake | Mount Vernon | Mountlake Terrace | Moxee | Mukilteo | Mukilteo Water And Wastewater District | Napavine | Nespelem | Newcastle | Newport | Nooksack | NORCOM 911 | Normandy Park | North Bend | North Bonneville | Northeast Tri County Health District | Northwest Clean Air Agency | Oak Harbor | Oakesdale | Oakville | Ocean Shores | Odessa | Okanogan | Okanogan County Transit Authority | Olympia | Olympic Region Clean Air Agency | Omak | Oroville | Orting | Pacific | Palouse | Pateros | Pe Ell | Pierce County Library System | Pierce Transit | Pomeroy | Port Angeles | Port Orchard | Port Townsend | Pullman | Rainier | Reardan | Republic | Ritzville | Rivercom 911 | Riverside | Rockford | Rock Island | Roslyn | Roy | Ruston | Sammamish | SeaTac | Seattle Convention Center | Seattle Southside Regional Tourism Authority | Sedro-Woolley | Sequim | Shelton | Shoreline | Si View Metropolitan Park District | Skagit Council of Governments | Skagit Transit | Skykomish | Snohomish | Snohomish County 911 | Snoqualmie | Soap Lake | South Bend | South Cle Elum | South Prairie | South Sound 911 | Spangle | Spokane County Library District | Spokane Regional Transportation Council | Spokane Valley | Sprague | St. John | Stanwood | Steilacoom | Stevenson | Sultan | Sumas | Sumner | Sunnyside Housing Authority | Tacoma-Pierce County Health Department | Tekoa | Tenino | Thurston 911 | Tieton | Timberland Regional Library | Toledo | Tonasket | Toppenish | Tumwater | Twisp | Union Gap | University Place | Vader | Valley Communications | Valley Regional Fire Authority | Valley View Sewer District | Valley Water District | Waitsburg | Walla Walla | Walla Walla Valley MPO/SRTPO | Wapato | Warden | Washougal | Waterville | WCIA | Wenatchee | West Plains Airport Area PDA | West Richland | Whatcom Council of Governments | Whatcom Transportation Authority | White Salmon | Whitworth Water District | Wilbur | Winthrop | Woodinville | Woodinville Water District | Woodway | Workforce Central | Yacolt | Yakima Valley Conference of Governments | Yakima Valley Emergency Management | Yarrow Point | Yelm



AWC Employee Benefit Trust

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