



# MEMORANDUM

February 4, 2014

To: MLAC Committee Members

From: Theresa Van Winkle, MLAC Administrator

Subject: Senate Bill 1558 -2 Amendment

In lieu of an official bill analysis on the -2 amendment for Senate Bill 1558, the following is a synopsis of its contents.

- 1, Extend the date by which all five current self-insured employer groups must conduct a vote of their members and notify the director of the groups' decisions to either continue operations or end group certification to November 15, 2014.
- 2, Extend the date by which any self-insured group voting to cease operations must be decertified to December 31, 2014, eliminating the "rapid exit" aspect of the bill that caps members' potential future claim liabilities.
3. Remove the director's discretion in using the Self-Insured Employer Group Adjustment Reserve (SIEGAR) before using the Worker Benefit Fund for payment of compensation to workers after groups' security deposits and common claims funds are exhausted.
4. Allow the director to order group members to pay assessments for a decertifying group's contractual administrative liabilities, in addition to assessments intended to cover continuing claim liabilities.
5. Permit the director to deposit only the portion of member-directed assessments pertaining to claim liabilities in the Consumer and Business Services Fund, but do not specify where monies collected from members for contractual administrative liabilities are to be deposited.
6. Provide the director discretion regarding whether to deposit assessments paid by self-insured groups in separate accounts for public and private groups.
7. Where such assessments are deposited in separate accounts, provide the director discretion about whether the funds in each account should be used only to pay the claims of the private or public groups.

8. Require the director to apportion the assessments deposited in the Consumer and Business Services Fund consistent with the intent of each assessment.
9. Delete the requirement for groups ending their self-insurance certification by December 31, 2014 to transfer their common claims fund to the director.
10. Reduce the security deposit amounts required to be transferred to the director by a group ending its certification, by requiring the director to exclude the portion of the deposit intended to estimate annual premium assessments and return that portion to the group within 30 days of decertification.
11. Change the repeal date for Section 10 (regarding timeframes for group membership votes, reporting decisions to the director, and transfer of deposits to the director by decertifying groups) to December 31, 2014.
12. Increase the amount of likely WBF expenditures by increasing group members' potential claim liabilities based on the extended decertification timeframe, including the costs of groups' contractual administrative liabilities, eliminating the transfer of groups' common claims funds to the director, and reducing security deposit amounts by the portion representing estimated premium assessments due.