

Agency 160

Office of Insurance Commissioner

Recommendation Summary

Dollars in Thousands

	Annual FTEs	General Fund State	Other Funds	Total Funds
2007-09 Expenditure Authority	218.7		46,914	46,914
Supplemental Changes				
Facility Cost Correction			146	146
Online Recruiting Service			11	11
Closed Claims Workload Increase			93	93
Pension Plan 1 COLA Funding			8	8
PEBB Rate Reduction			(405)	(405)
Subtotal - Supplemental Changes			(147)	(147)
Total Proposed Budget	218.7		46,767	46,767
Difference			(147)	(147)
Percent Change	0.0%		(0.3)%	(0.3)%

SUPPLEMENTAL CHANGES

Facility Cost Correction

Additional funding is needed to pay the cost of the Office of Insurance Commissioner's (OIC) existing lease on the Insurance 5000 Building. A rent increase in February 2007 was not included in the 2007-09 budget in error. (Insurance Commissioner's Regulatory Account-State)

Online Recruiting Service

To support the state's online recruitment tool (E-Recruiting), additional funds are provided for a one-time charge from the Department of Personnel. This will improve the ability of agencies to manage their recruitment and hiring processes as required by the Personnel System Reform Act of 2002.

Closed Claims Workload Increase

Chapter 8, Laws of 2006, created landmark legislation to address the severe and cyclical problems in the medical malpractice liability insurance market. Entities are required to report each closed claim to the Office of Insurance Commissioner (OIC) for analysis and reporting to the Legislature beginning with medical malpractice claims closed in 2008. Due to the complexity of the actuarial data and the larger than expected request for technical assistance, additional expenditure authority is necessary to provide actuarial resources to assist entities with reporting requirements, analyze the data, and prepare the reports required in statute. This request includes a one-time funding equipment cost. (Insurance Commissioner's Regulatory Account-State)

Pension Plan 1 COLA Funding

Funding was provided in the 2007-09 budget for the additional employer contributions to retirement systems required by modifications to the eligibility criteria for the uniform COLA in the Public Employees' Retirement System Plan 1 (PERS 1) and the Teachers' Retirement System Plan 1 (TRS 1) in Senate Bill 5175. This item moves that funding from the State Employee Compensation Adjustments agency into individual agency budgets. (General Fund-State, other funds)

GOVERNMENTAL OPERATIONS

PEBB Rate Reduction

The state contributes 88 percent of the total weighted average of the employee health care premium and also pays for the cost of dental, life and long-term disability insurance. Total Public Employees Benefit Board (PEBB) expenditures for the 2007-09 Biennium are anticipated to be lower than budgeted because (1) health plan costs for calendar year 2008 are lower than expected, which will benefit both the state and its employees; (2) the Uniform Medical Plan continues to perform better than projected; and (3) funding was removed from the PEBB administrative cost allocation for an information technology system replacement due to the restrictive nature of federal funding. The state employer contribution rate will be reduced from \$732 per month to \$575 per month. This one-time reduction will leave an unrestricted fund balance of \$19.2 million at the end of Fiscal Year 2009. (General Fund-State, various other funds).