Washington State Department of
Labor & Industries

Workers' Compensation Advisory Committee

April 13, 2016

Washington State Department of
Labor & Industries

Time	Agenda Topic	Presenter(s)
9:00 am - 9:05 am	Welcome, Introductions, & Safety Message	Vickie Kennedy and Joel Sacks
9:05 am – 9:15 am	General Updates	Vickie Kennedy and Joel Sacks
9:15 am - 9:45 am	Insurance Services Performance Metrics Dashboard	Kirsta Glenn and Vickie Kennedy
9:45 am – 10:30 am	Medical Management at L&I	Leah Hole-Marshall
10:30 am – 10:40 am	Board of Industrial Insurance (BIIA) Update	Dave Threedy
10:40 am – 10:55 am	BREAK	
10:55 am – 11:10 am	General Updates	Vickie Kennedy and Joel Sacks
11:10 am – 11:40 am	Industrial Insurance State Fund Financial Overview	Rob Cotton
11:40 am - 12:00 pm	Closing Comments & Adjourn	Vickie Kennedy and Joel Sacks

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WELCOME AND SAFETY MESSAGE

Vickie Kennedy, Assistant Director for Insurance Services

Joel Sacks, Agency Director

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Almost **2 million** Americans abused or were dependent on prescription opioids in 2014.

Enough prescription painkillers were prescribed in 2010 to medicate every American adult around-the-clock for a month.

People who are addicted to...

ALCOHOL	MARIJUANA	COCAINE	Rx OPIOID PAINKILLERS
are **2x**	are **3x**	are **15x**	are **40x**

...more likely to be addicted to heroin.

SOURCE: National Survey on Drug Use and Health (NSDUH), 2011-2013.

From 1999 to 2014, more than **165,000** people died from overdose related to prescription opioids.

See Chelsea's story…

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Protect our kids, families, and the environment

For locations near you, go to takebackyourmeds.org

- Community-based drug “take back” programs
- Check for specific disposal instructions
- If no instructions:
  - Remove drug from container and mix with undesired substance
  - Place mixture in a sealable bag or container
  - Dispose in household trash

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General Updates

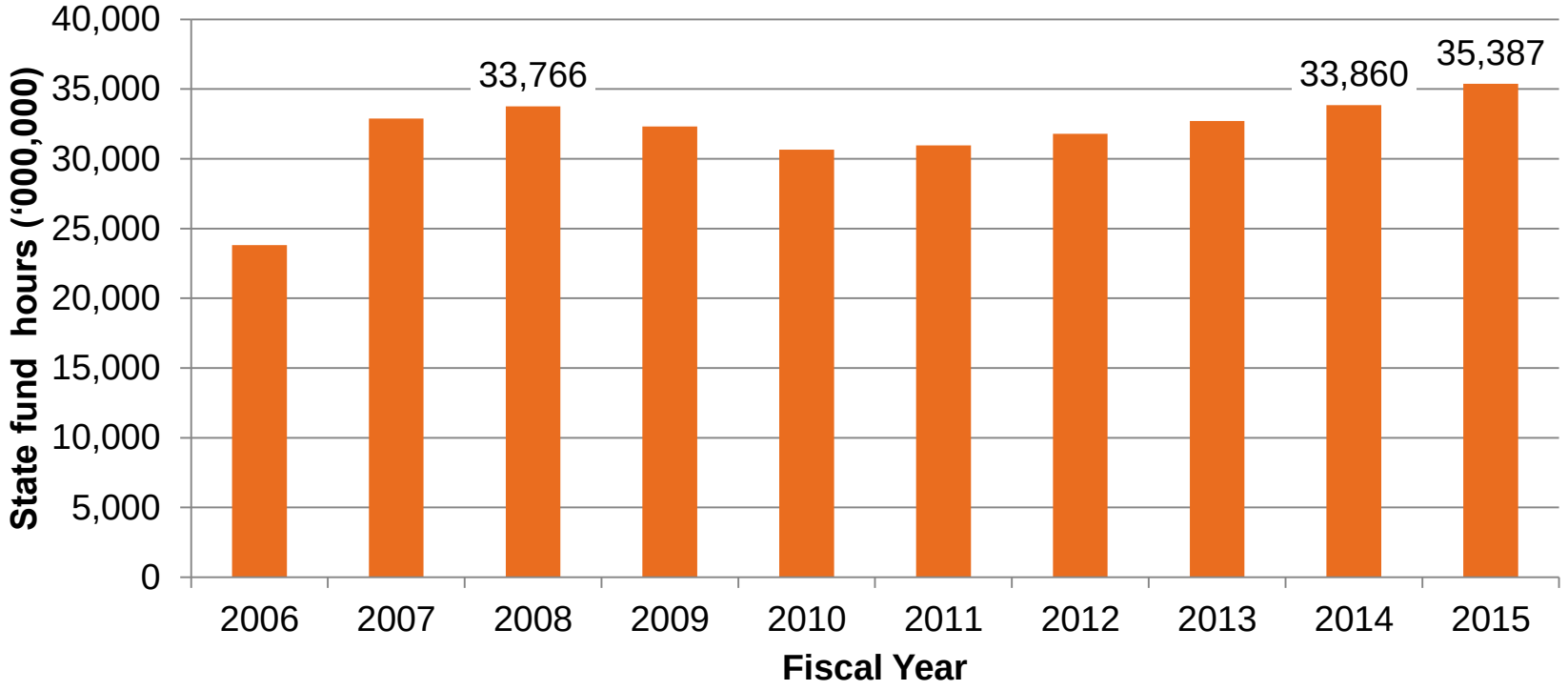
- ***Vickie Kennedy, Assistant Director for Insurance Services***
- ***Joel Sacks, Agency Director***

INSURANCE SERVICES PERFORMANCE METRICS DASHBOARD

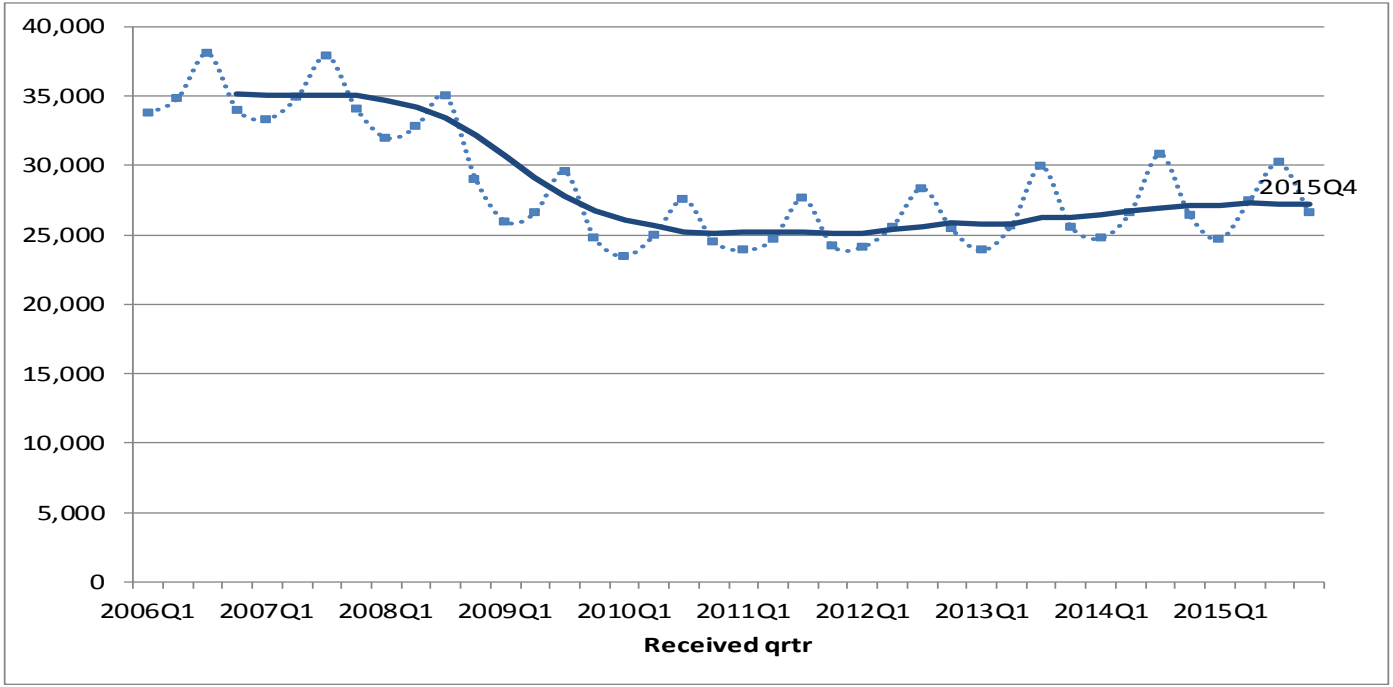
Vickie Kennedy, Assistant Director for Insurance Services

Kirsta Glenn, Research and Data Program Manager

State fund hours now surpass pre-recession level.



Claims received are also increasing, but have not reached pre-recession levels.



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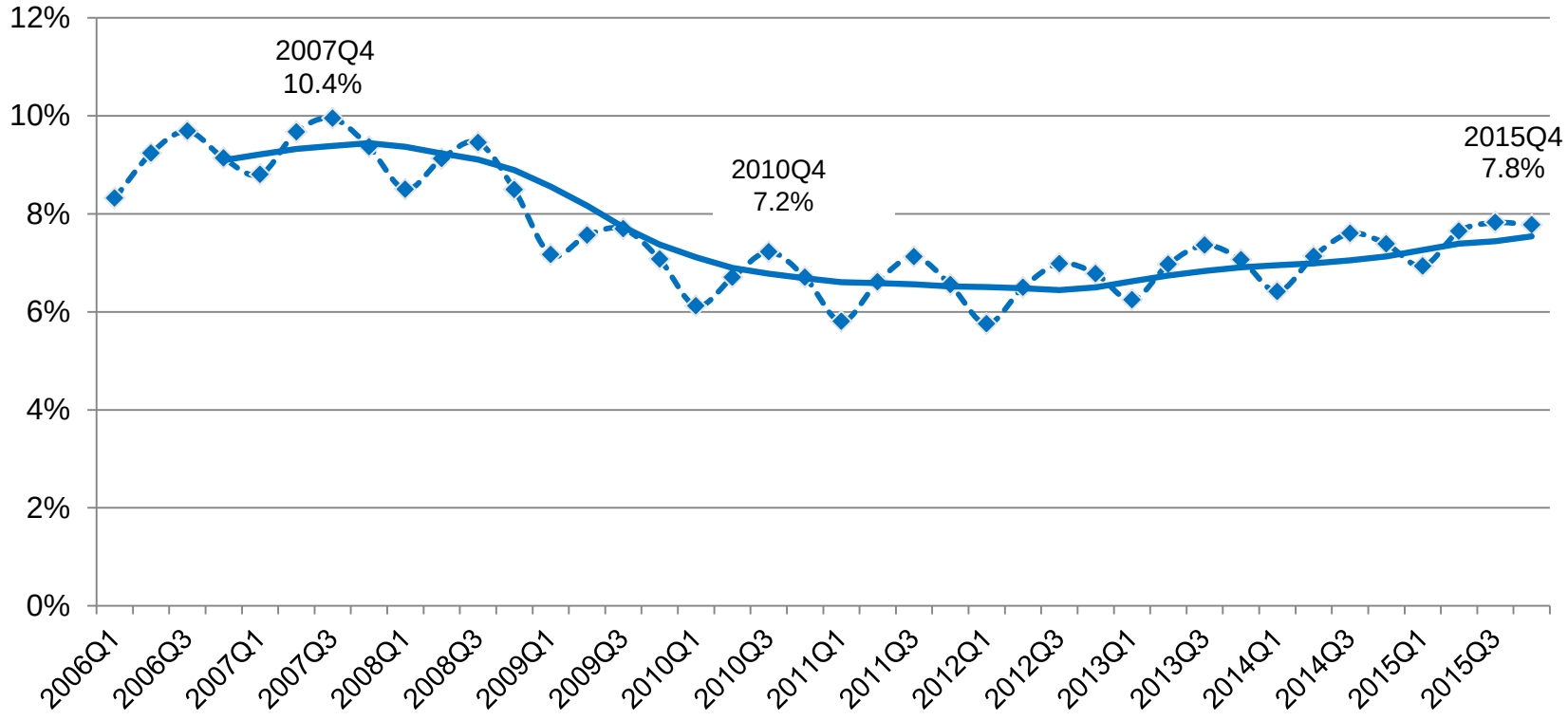
While construction's share of total hours has not recovered to pre-recession highs, there has been steady growth since the low in 2011.



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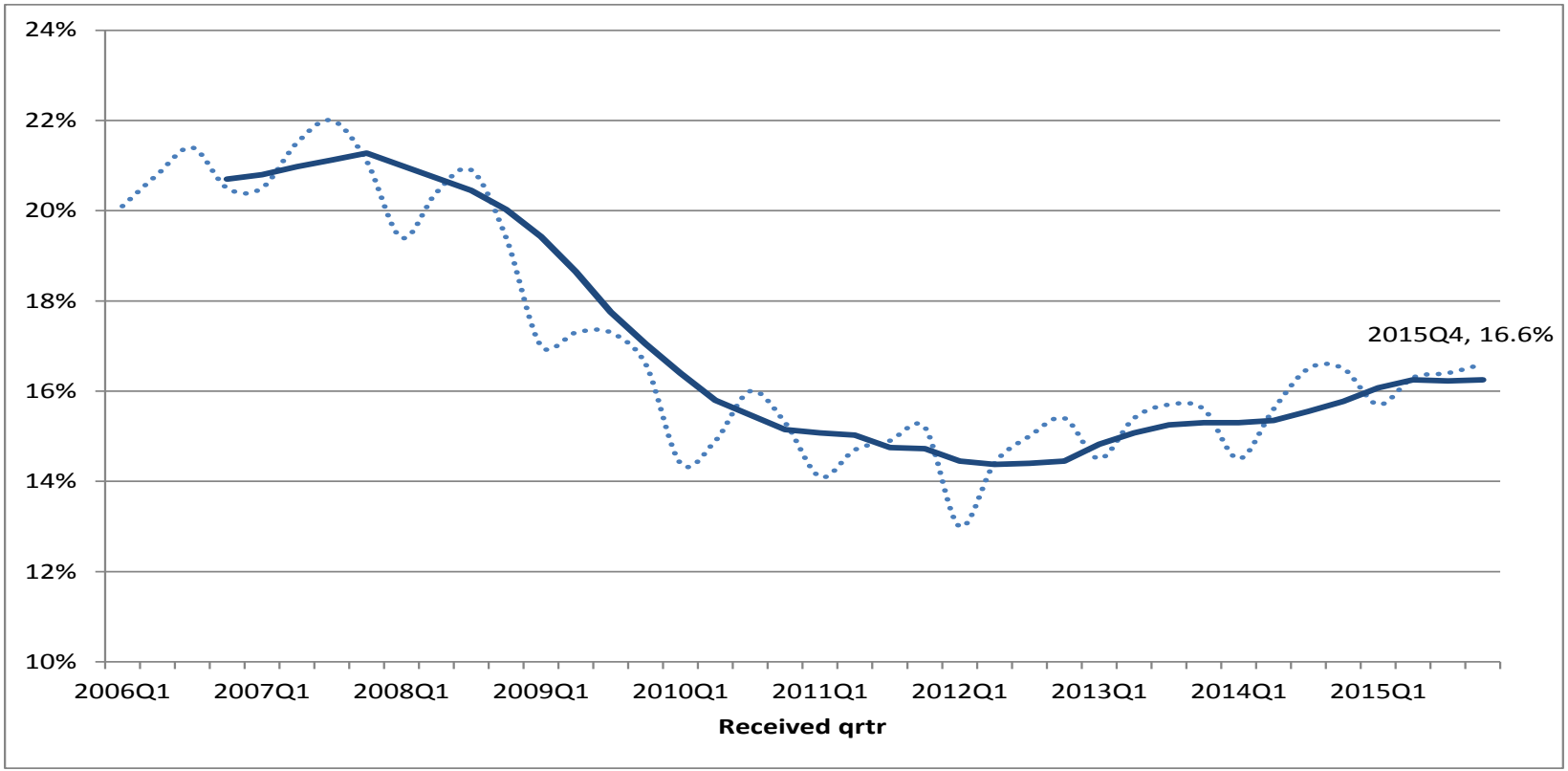
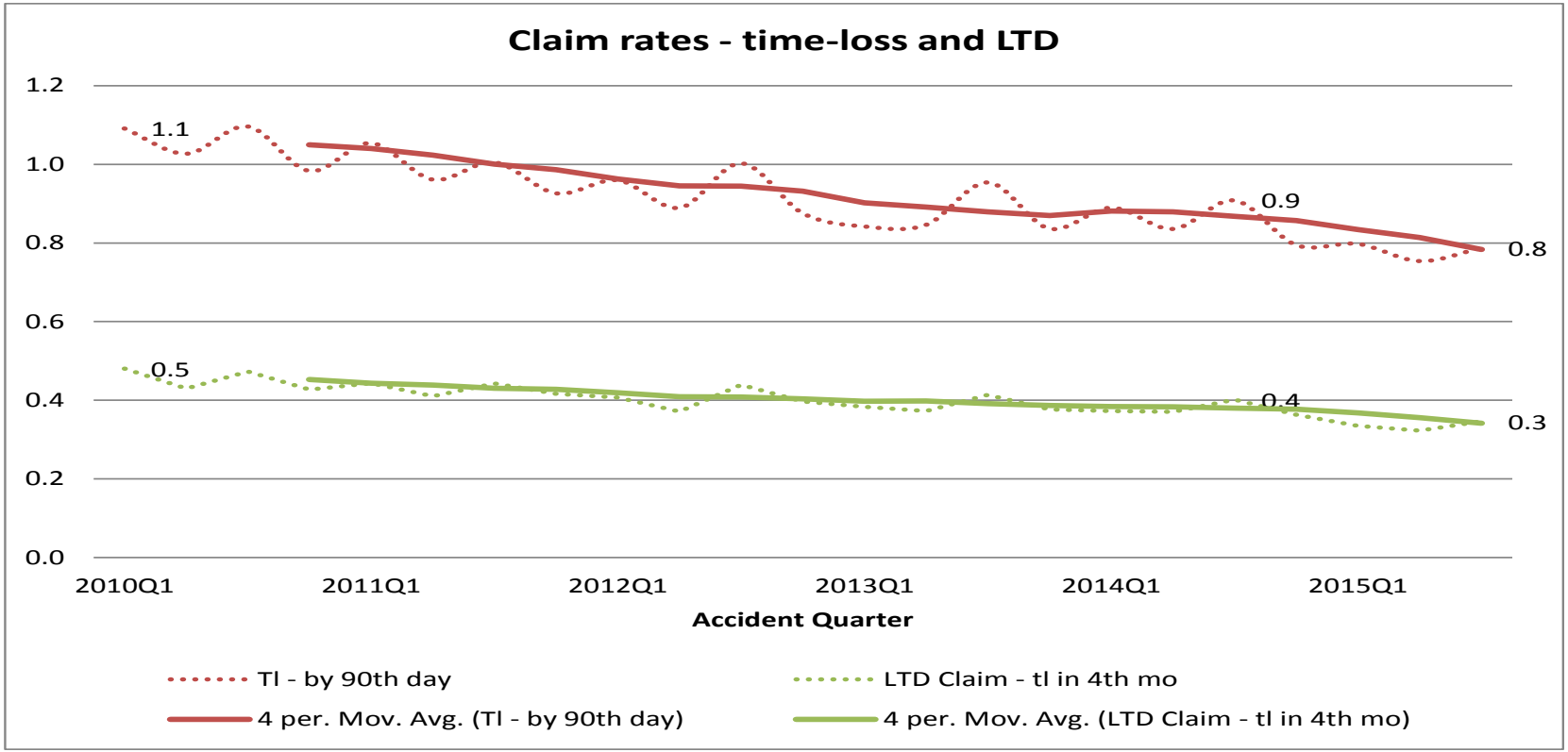
Construction's share of total claims has also been increasing since 2011.



Even as construction's share of all claims has increased, the incidence rate of serious claims continues to fall.



And, in fact, the rate of decline in more serious claims is faster than the rate of decline in total claims.

Rates indexed to 2010Q3

Injury YYYYQQ	SF Accepted Claims	TI - by 90th day	LTD Claim - tl in 4th mo	Hours
2010Q3	1.00	1.00	1.00	1.00
2011Q3	0.96	0.92	0.94	1.03
2012Q3	0.98	0.91	0.93	1.04
2013Q3	0.99	0.87	0.87	1.08
2014Q3	0.96	0.83	0.85	1.12
2015Q3	0.89	0.72	0.73	1.18
Change2015Q3 vs 2010Q3	(0.11)	(0.28)	(0.27)	0.18

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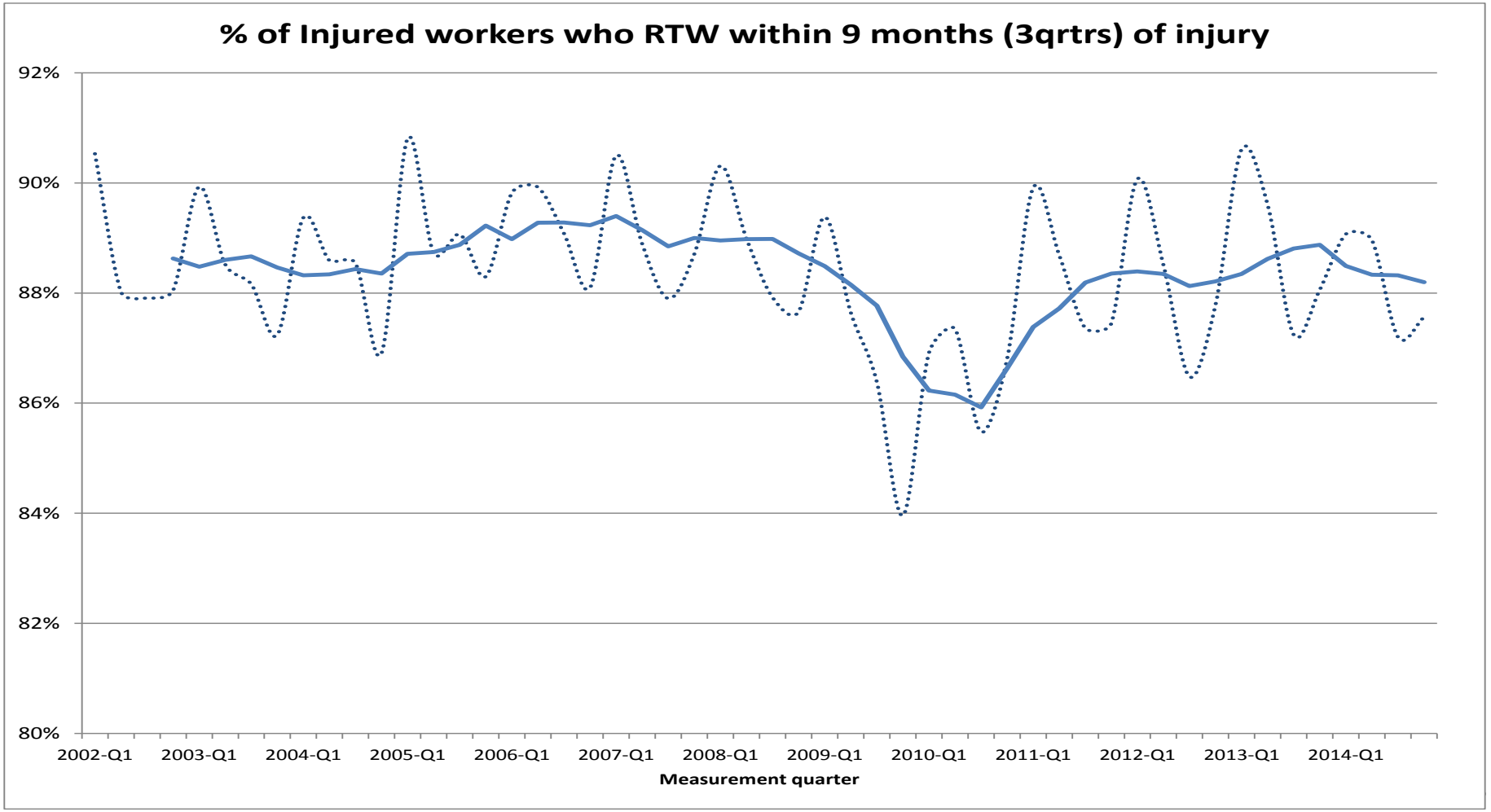
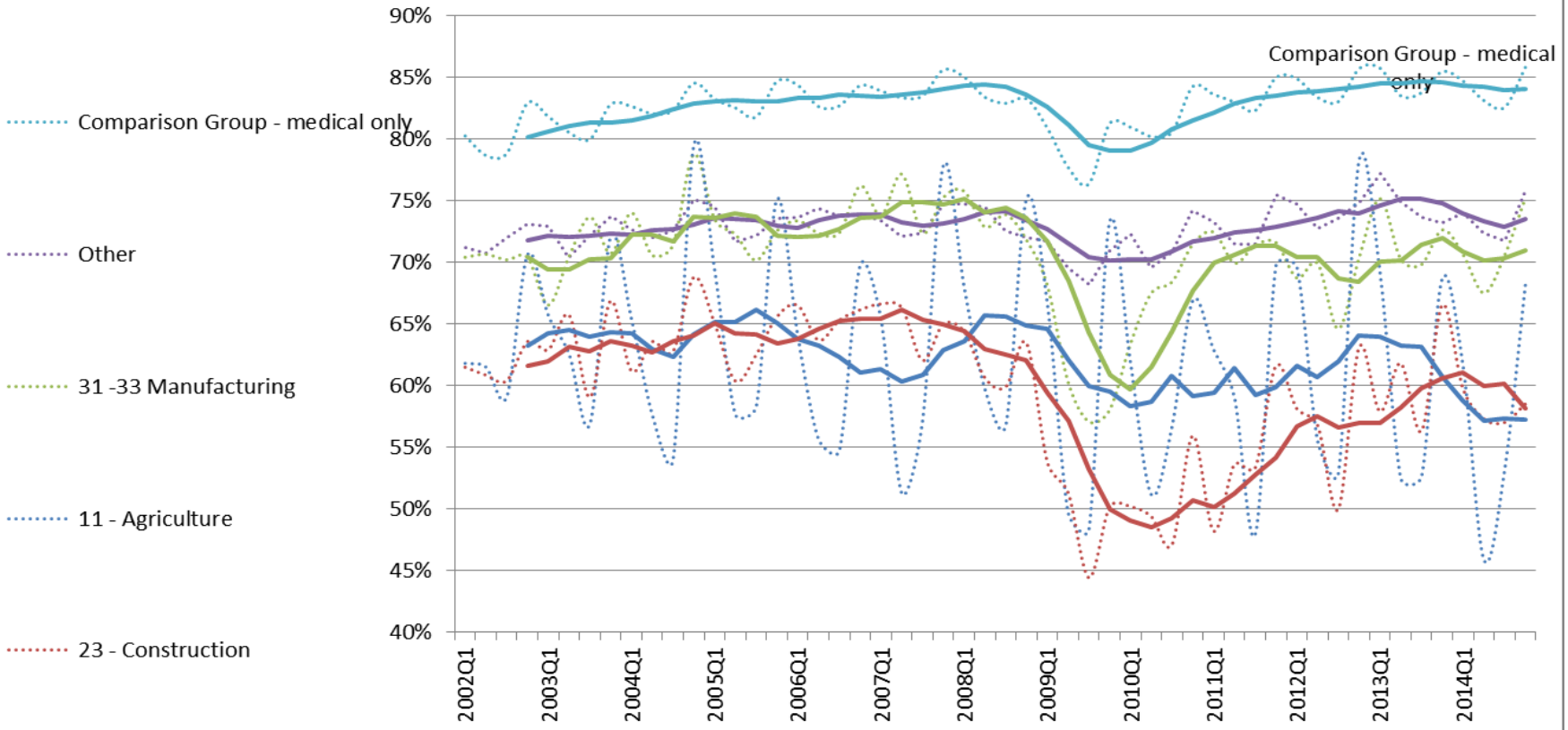
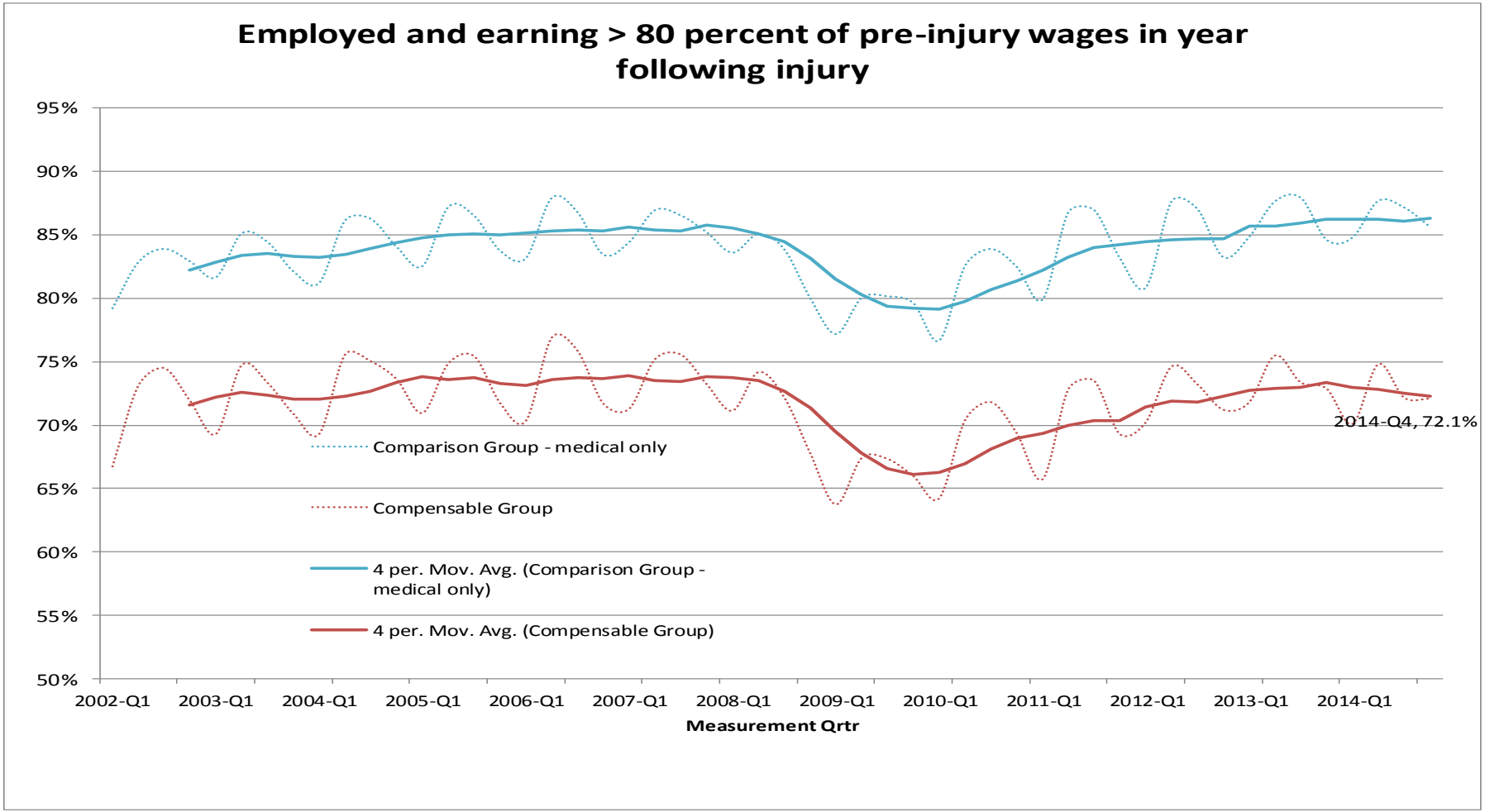

% of Injured workers who RTW within 9 months (3qrtrs) of injury
92%
90%
88%
86%
84%
82%
80%
2002-Q1
2003-Q1
2004-Q1
2005-Q1
2006-Q1
2007-Q1
2008-Q1
2009-Q1
2010-Q1
2011-Q1
2012-Q1
2013-Q1
2014-Q1
Measurement quarter

Durable Employment by Industry - Share that RTW in 1st quarter post-injury still working 12 months later




Employed and earning > 80 percent of pre-injury wages in year following injury
95%
90%
85%
80%
75%
70%
65%
60%
55%
50%
2002-Q1
2003-Q1
2004-Q1
2005-Q1
2006-Q1
2007-Q1
2008-Q1
2009-Q1
2010-Q1
2011-Q1
2012-Q1
2013-Q1
2014-Q1
Measurement Qrtr
Comparison Group - medical only
Compensable Group
4 per. Mov. Avg. (Comparison Group - medical only)
4 per. Mov. Avg. (Compensable Group)
2014-Q4, 72.1%

DASHBOARD –
HELP INJURED WORKERS HEAL AND RETURN TO WORK

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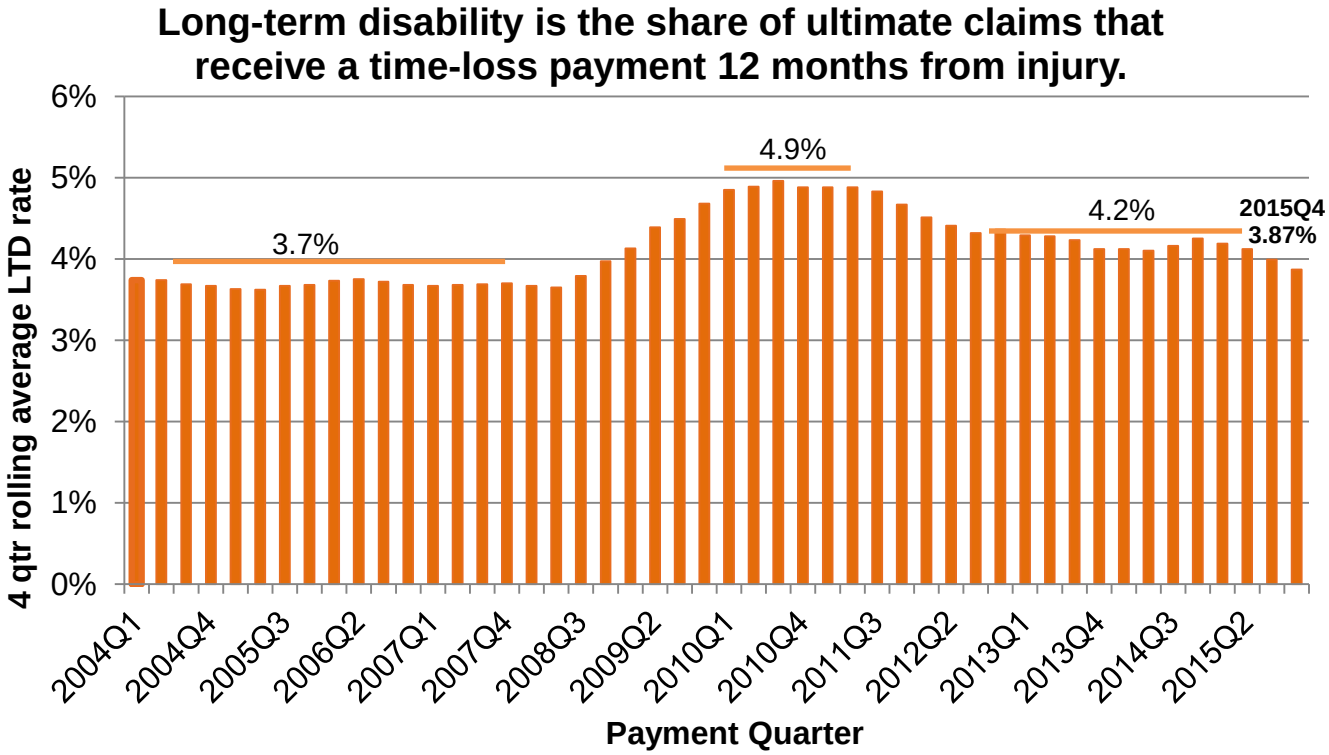
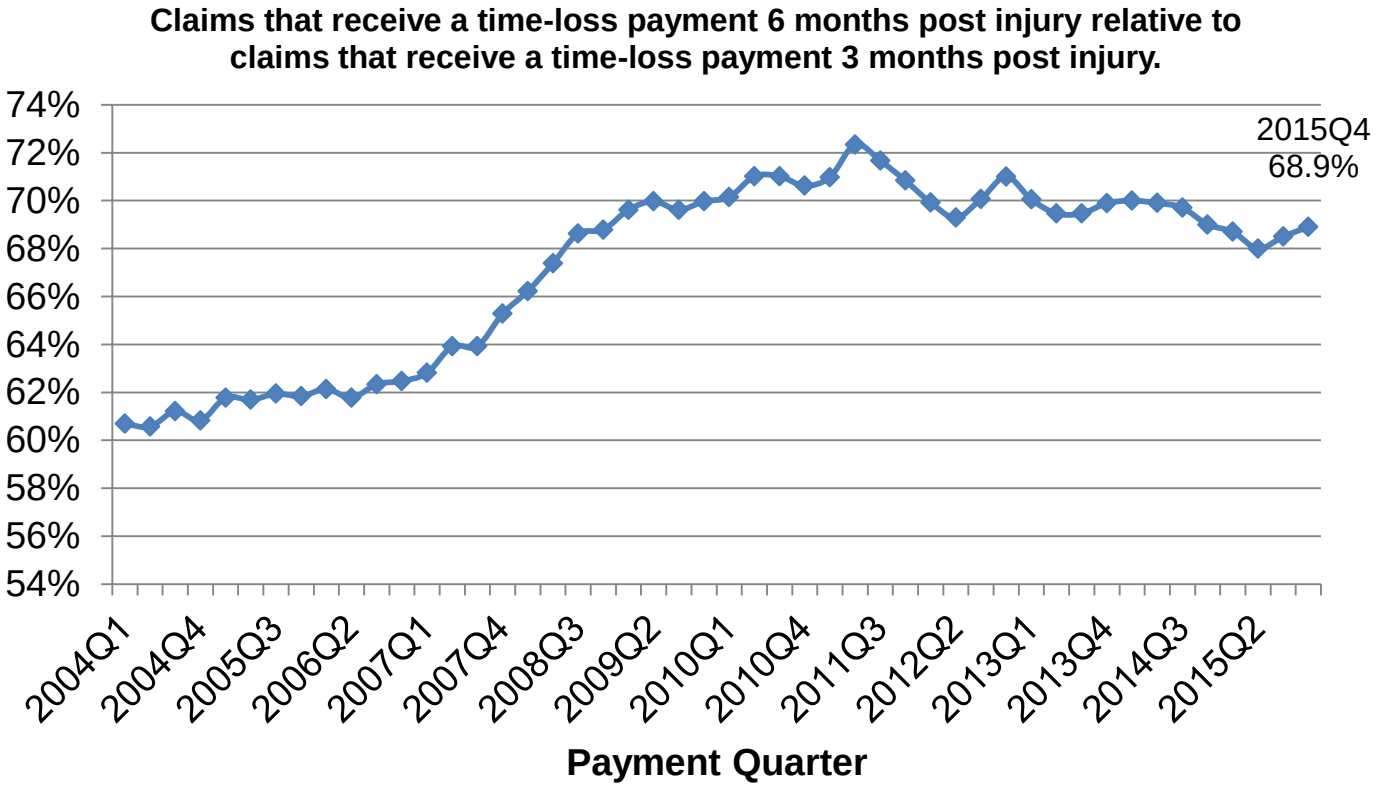
Our ultimate goal is to reduce the number of injured workers who experience long-term disability.



The goal is to decrease this number.

Washington State Department of Labor & Industries

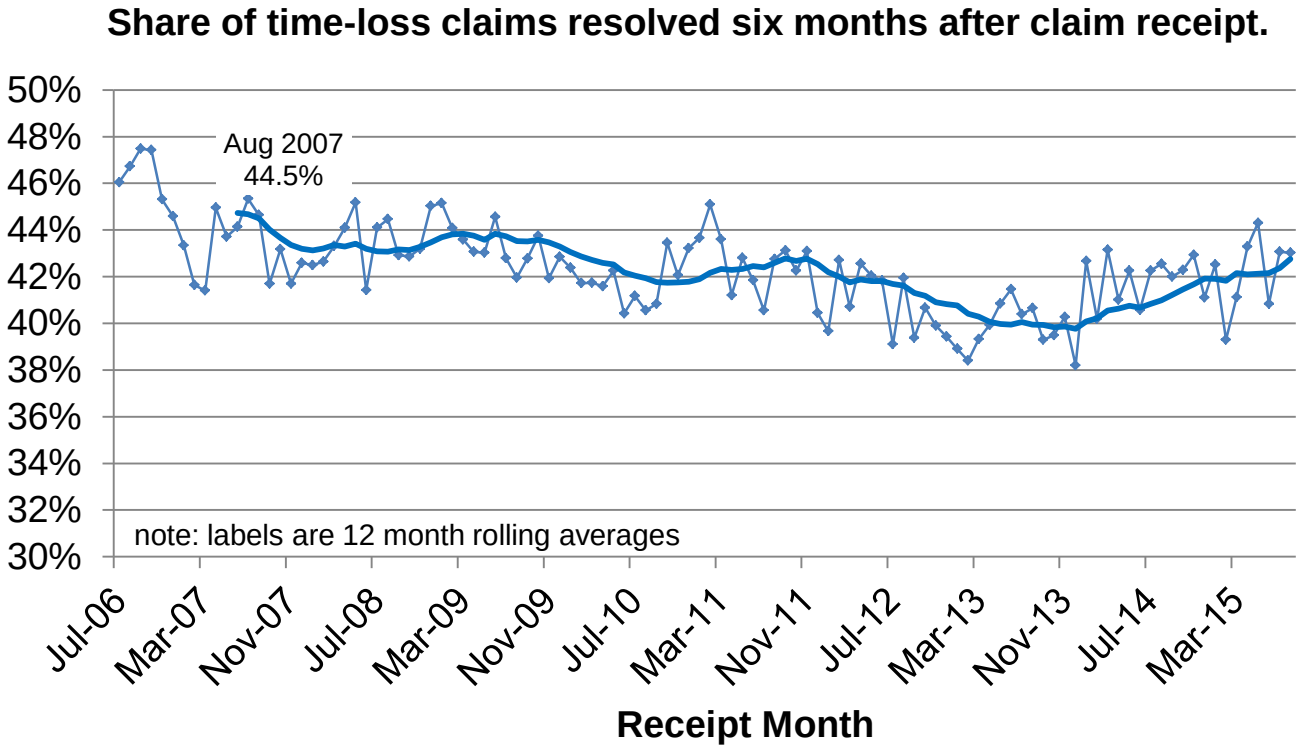
The onset of long-term disability is often measured between three and six months after injury.



The goal is to decrease this number

Washington State Department of Labor & Industries

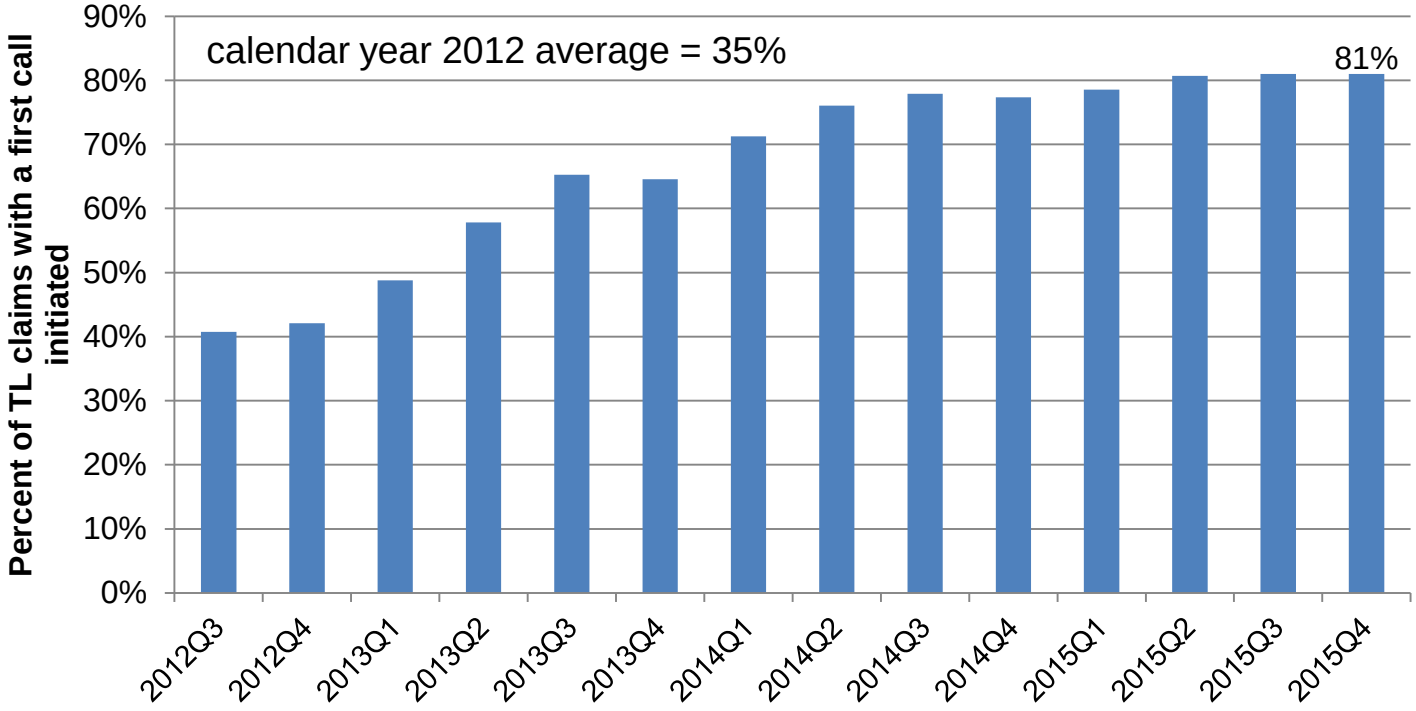
The share of time-loss claims resolved six months after claim receipt continues to increase.



The goal is to increase this number

Washington State Department of Labor & Industries

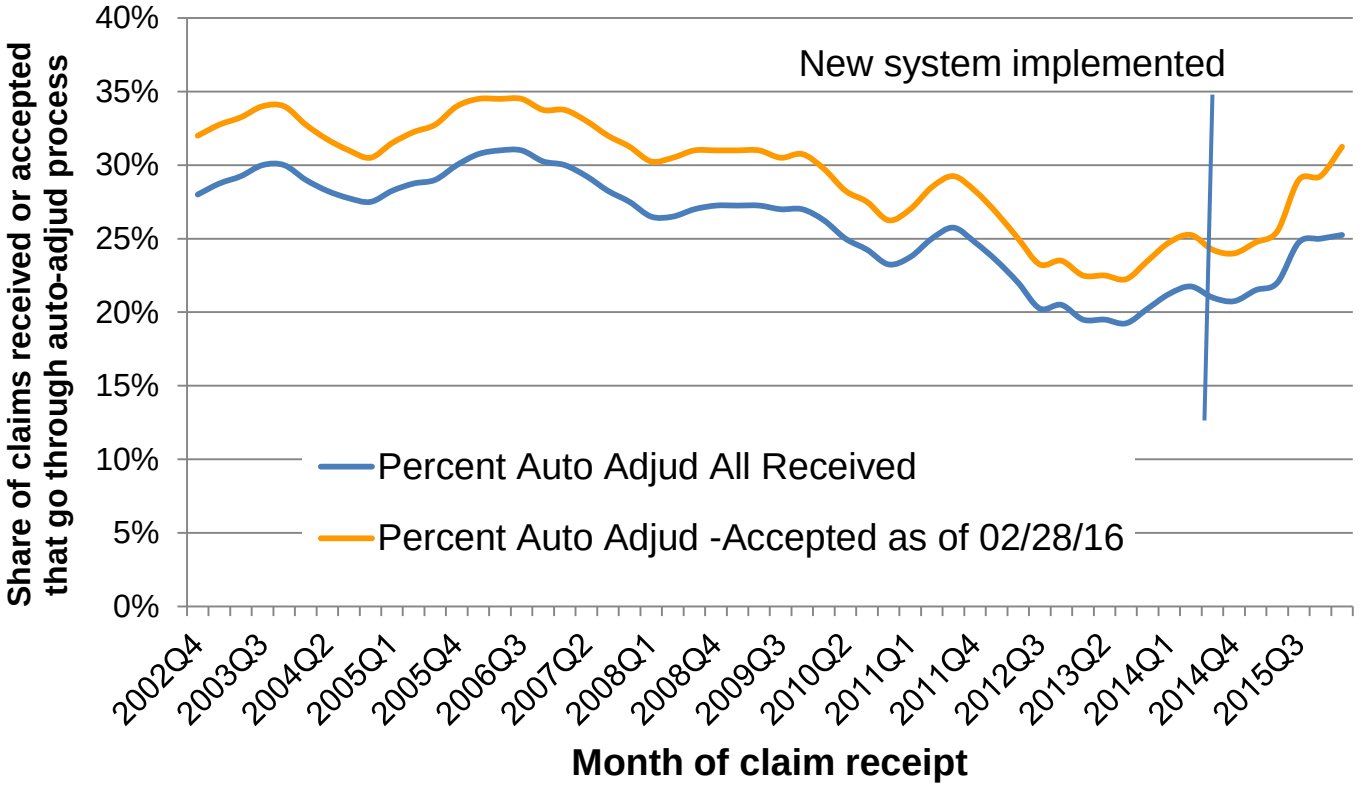
The share of injured workers missing time from work who get a call from their claim manager has risen dramatically.



The goal is to increase this number.

Washington State Department of Labor & Industries

A new auto-adjudication process was implemented in early 2015 and is showing results.



The goal is to increase this number.

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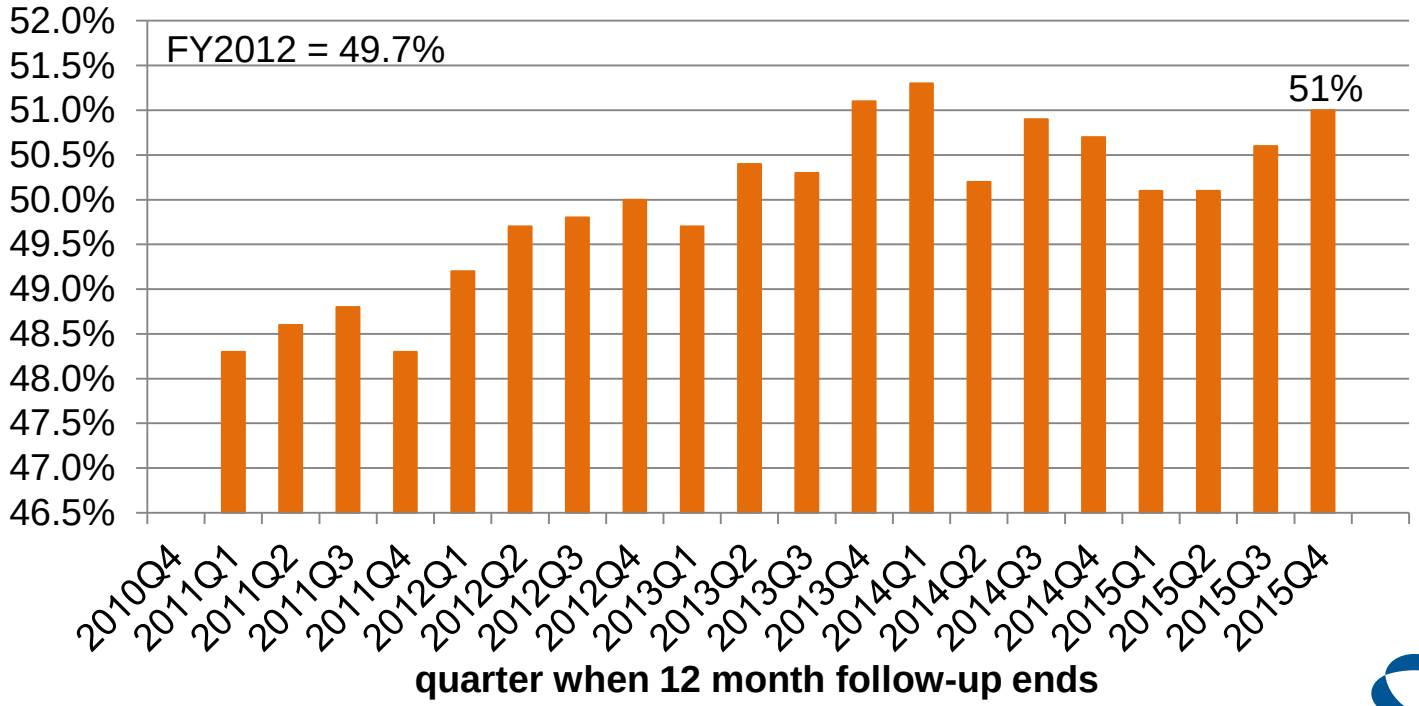
The return to work score is used to target services for those injured workers at risk of long-term disability.

The share of injured workers off work 40 days after claim receipt who are likely to have returned to work.



The goal is to increase this number

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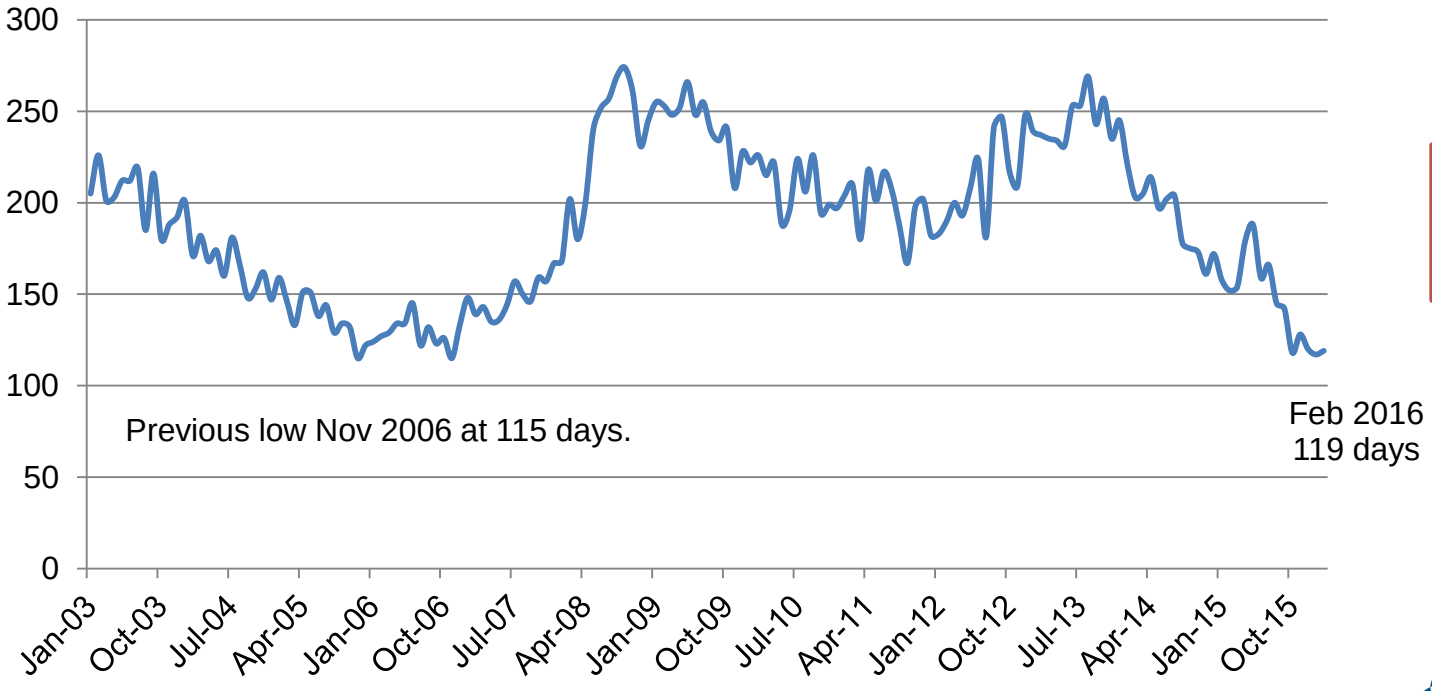
Early Ability to Work Assessment (AWA) referrals are now targeted to address the onset of long-term disability.

Median time-loss days paid at first AWA referral.



The goal is to decrease this number

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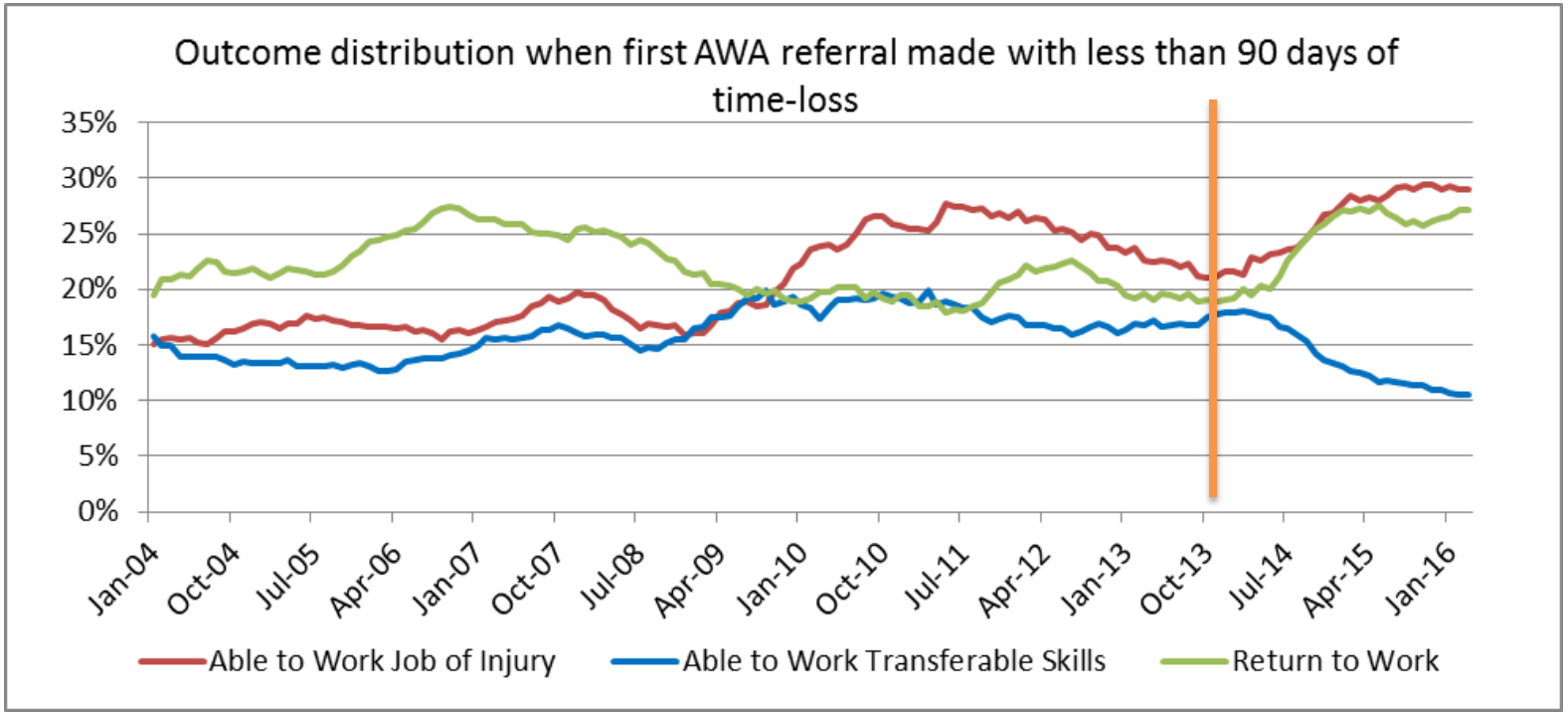
Implementation of new focus on return to work in AWA process has increased positive employable outcomes for early AWAs



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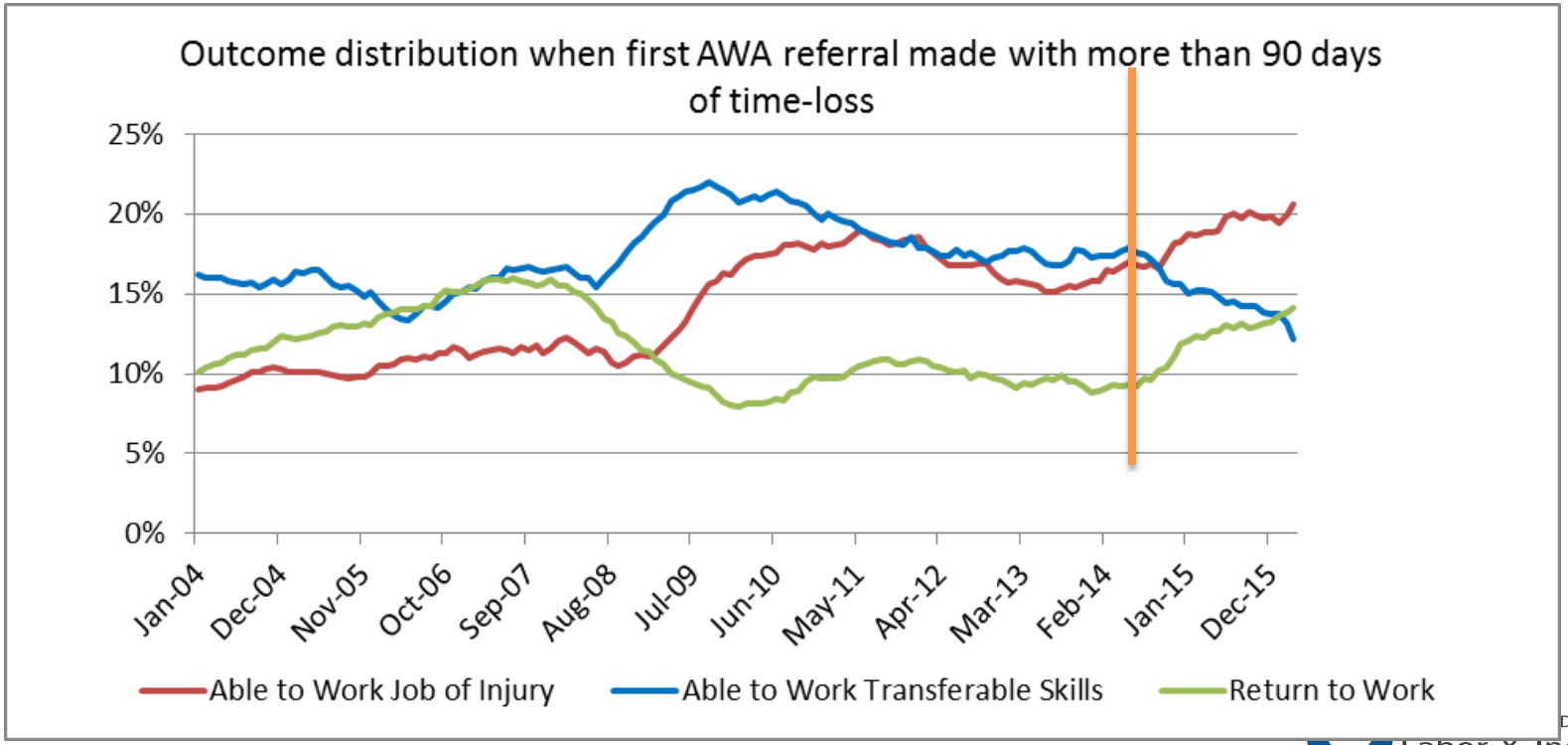
Implementation of new focus on return to work in AWA process has also increased positive employable outcomes for later AWAs – but the impact is less pronounced



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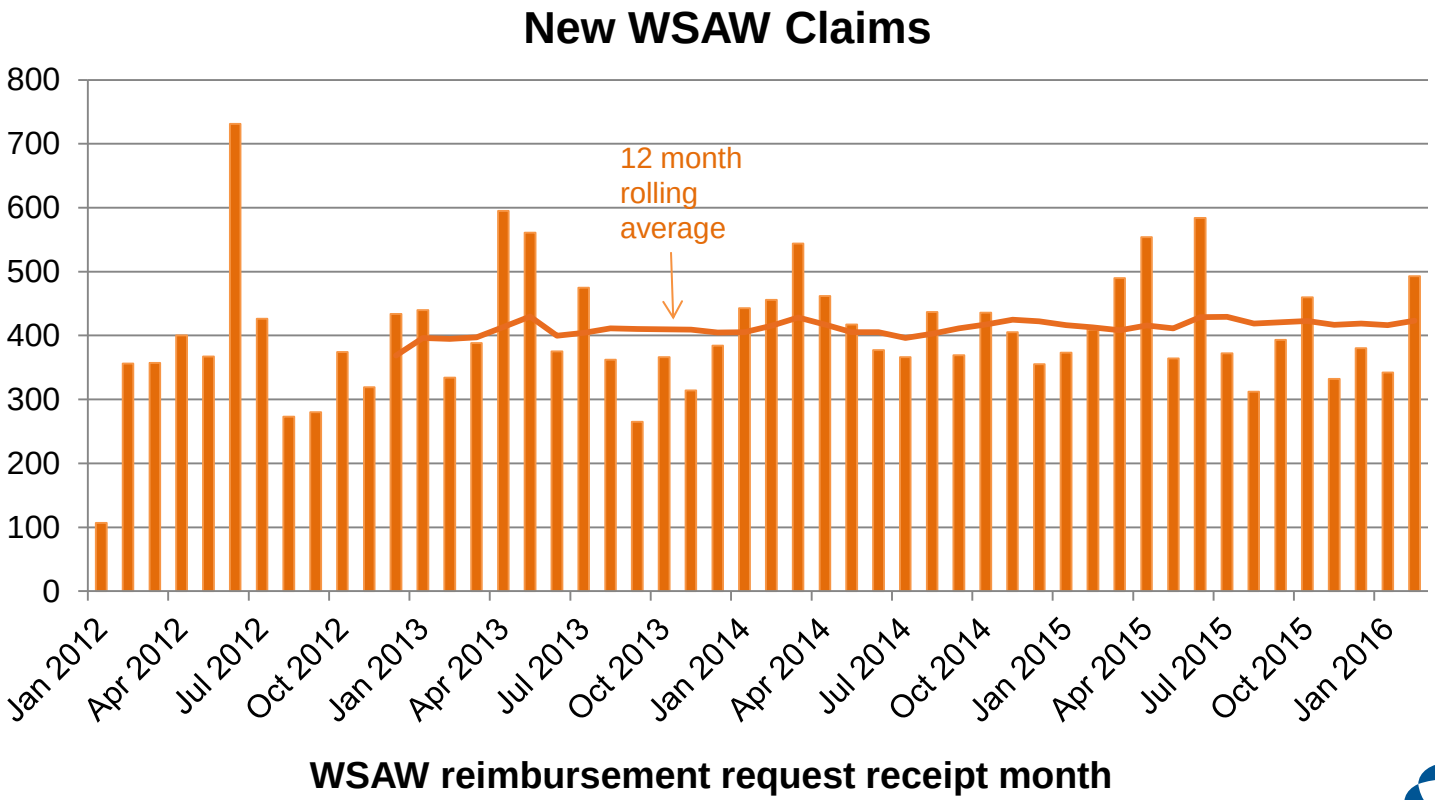
Participation in light duty job assignments helps maintain the employer/injured worker relationship.



The goal is to increase this number

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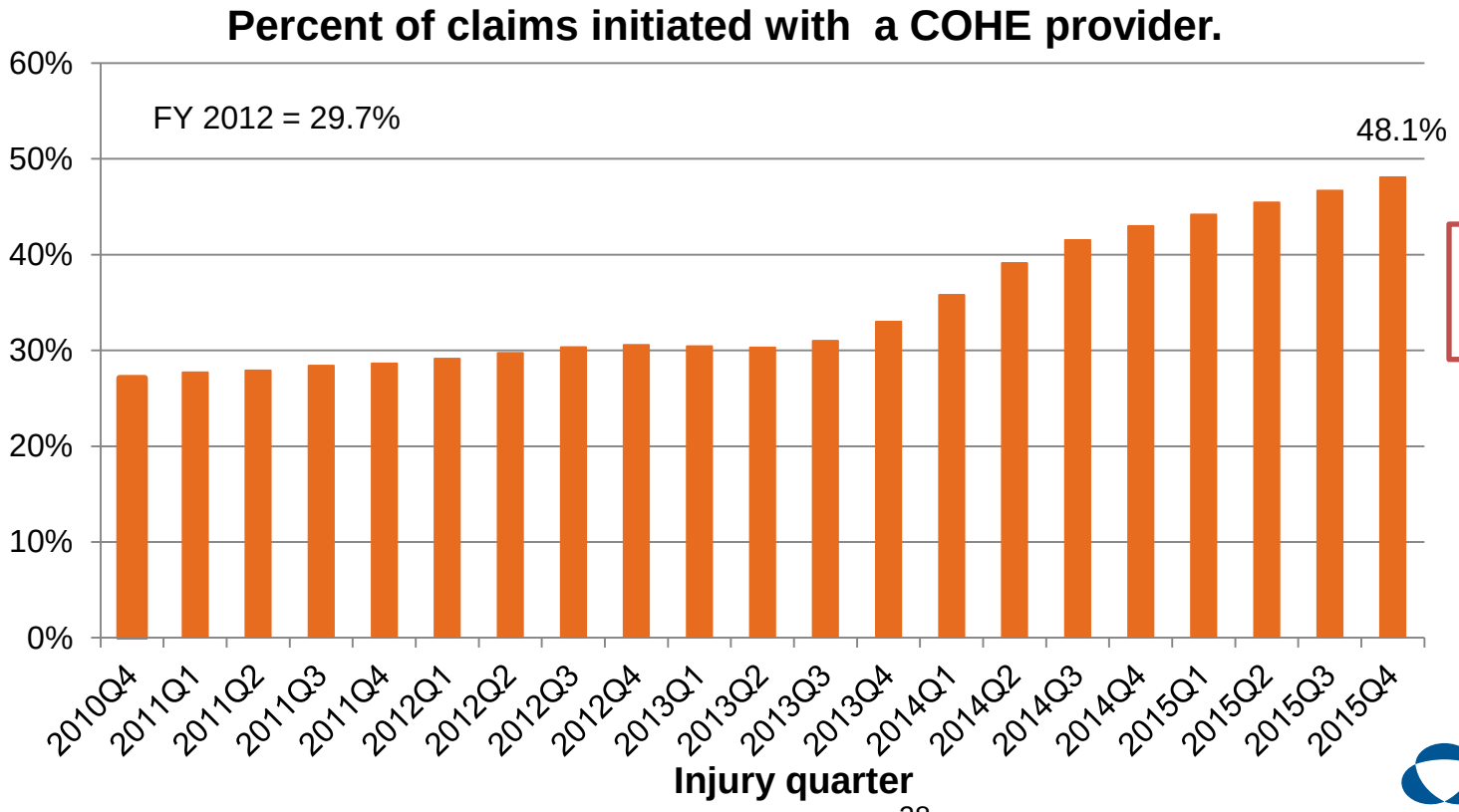
Injured workers whose claims are initiated with a COHE provider, on average, have better outcomes and lower claim costs.



The goal is to increase this number

Washington State Department of Labor & Industries

OCCUPATIONAL HEALTH **BEST PRACTICES**

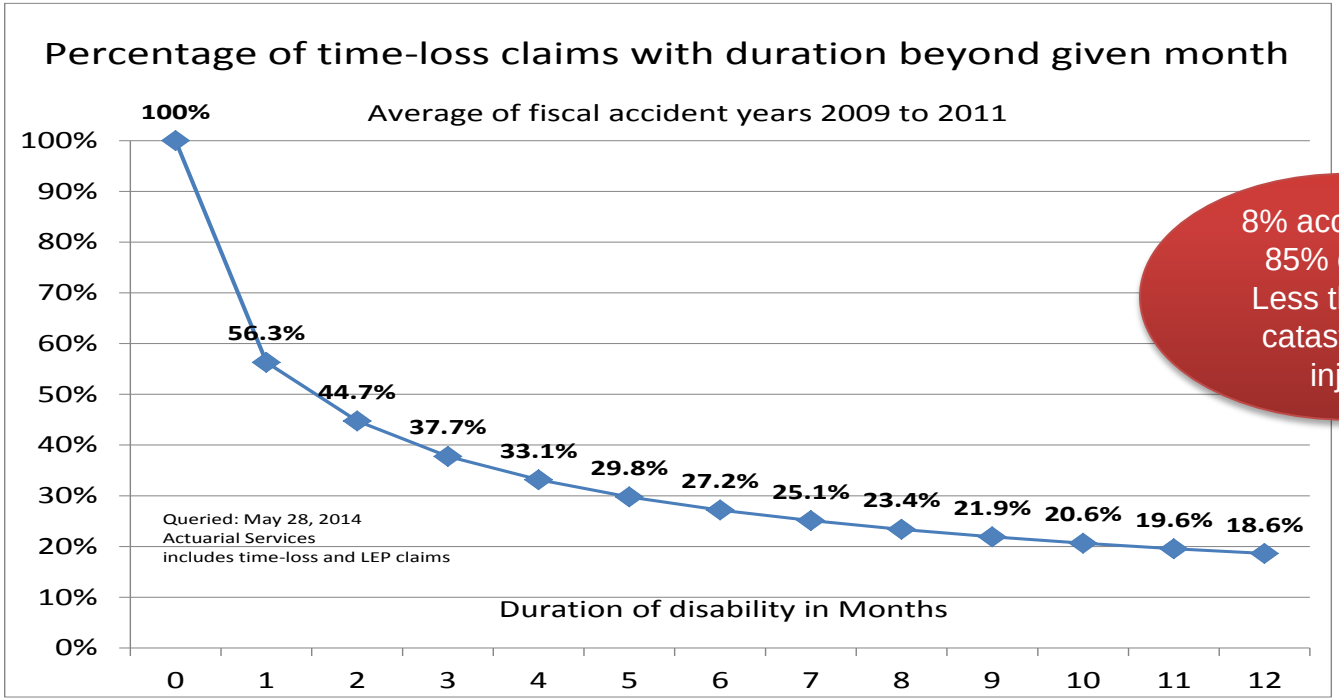
WORKING TOGETHER TO KEEP PEOPLE WORKING

WCAC
Medical Management at L&I

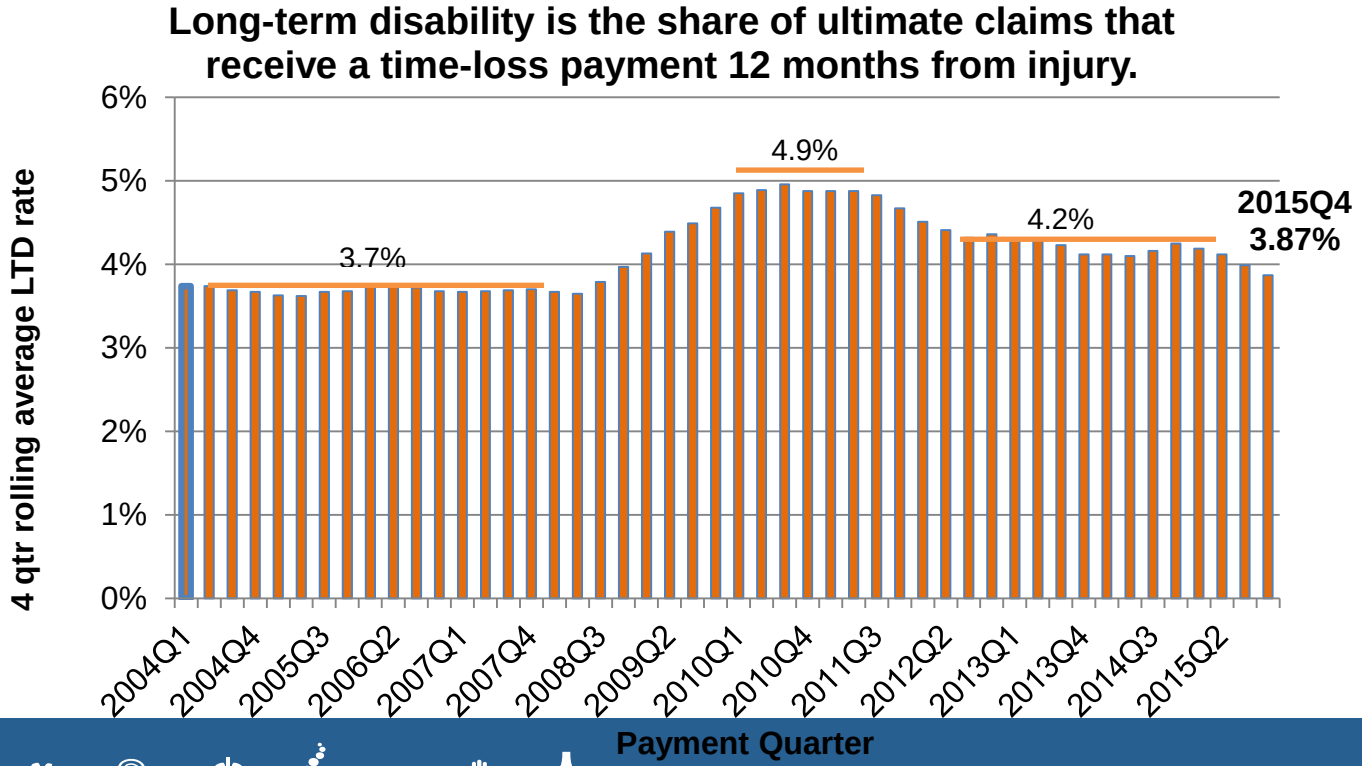
Washington State Department of Labor & Industries

MEDICAL MANAGEMENT in WORKER's COMPENSATION

Disability Prevention is the Key Medical Management and Health Policy Issue



Our ultimate goal is to reduce the number of injured workers who experience long-term disability.



The goal is to decrease this number.

Washington's Strategies to Prevent Disability

1. **Payer Fundamentals**
   - Fee Schedule
   - Provider Education and Outreach
   - Provider Network
2. **Reduce Harm**
   - Risk of Harm
   - Utilization Review
   - Treatment Guidelines
3. **Identify Best Practices and Pay for Quality**
   - Centers for Occupational Health and Education
   - Top Tier
   - New Evidence Based Best Practices

1. Fundamentals: L&I's Provider Payments

Individual/Professional Provider Fee Schedule

Facility and Other Fee Schedules

- Inpatient Facilities
- Outpatient Facilities/Ambulatory Surgery Centers
- Emergency Departments
- Clinics

Drugs

Home Health

Freestanding Diagnostic Facilities

Evidence Based Programs/Care

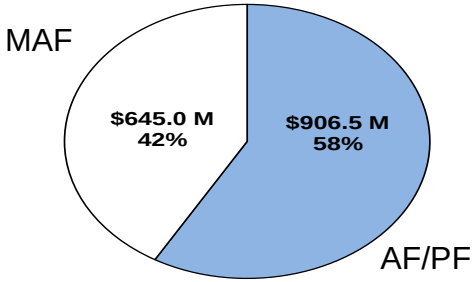
- Enhanced payments for providers in best practice programs

Medical Aid Rules and Fee Schedules (MARFS) available at
http://www.lni.wa.gov/ClaimsIns/Providers/Billing/FeeSched/2015/default.asp

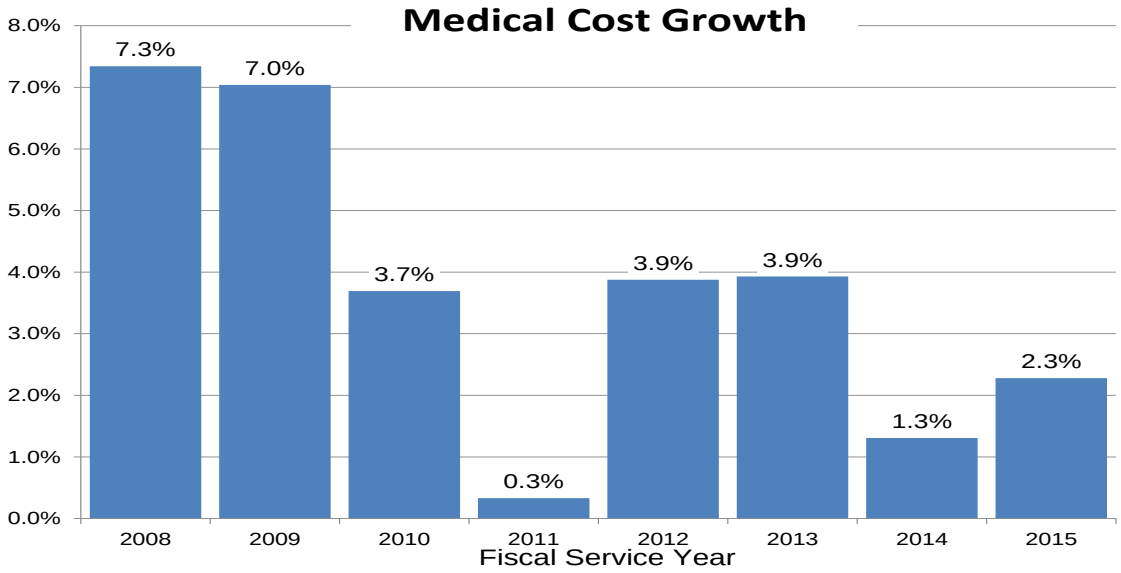
1. Fundamentals: Results Size and Growth of WA

Medical Aid Fund

Benefits Incurred for Accident Year Ending 12/31/15

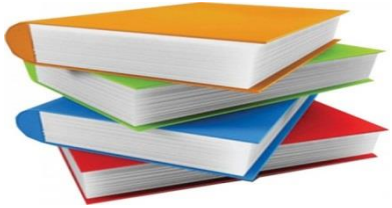


MAF – Medical Aid Fund
AF – Accident Fund
PF – Pension Fund



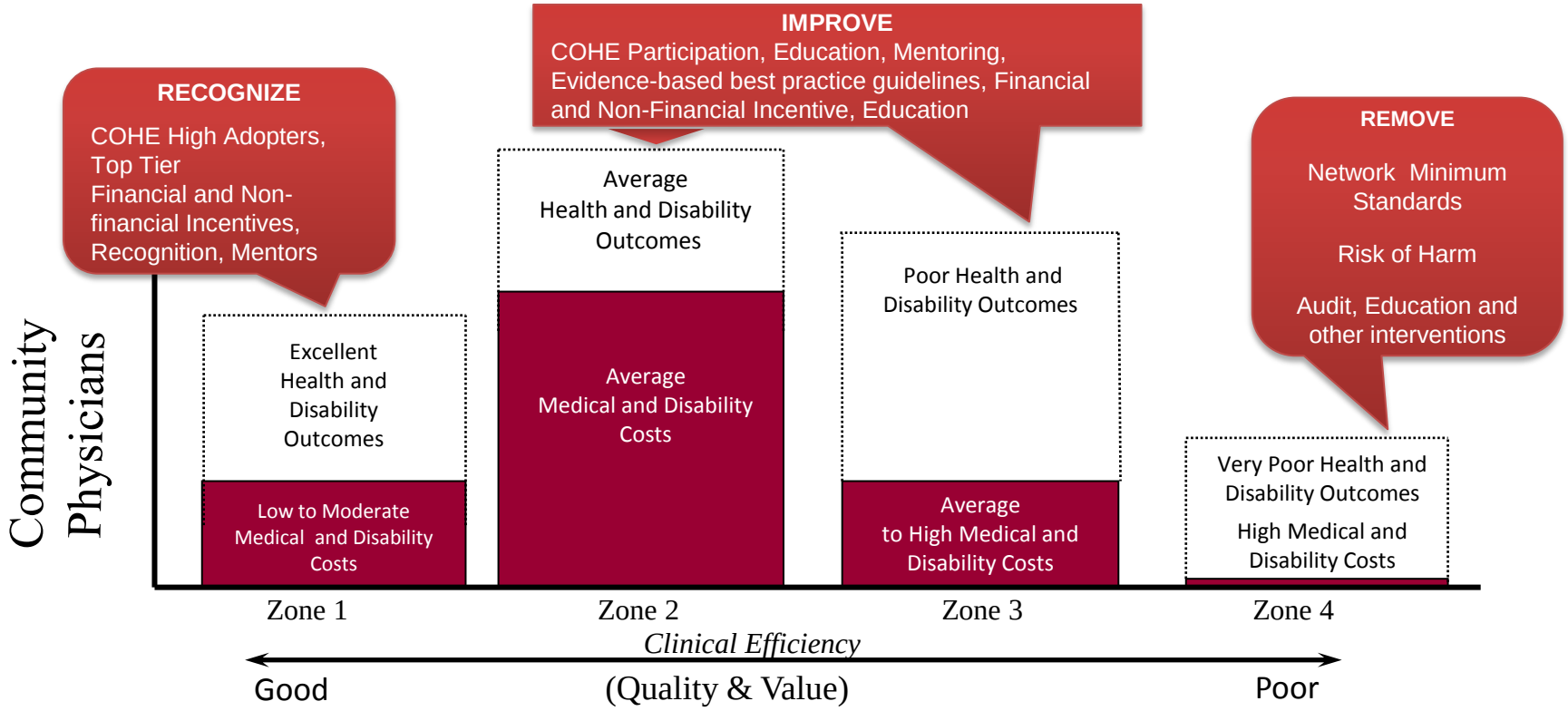
*Goal is under 4%

1. Fundamentals - L&I's Provider Education and Outreach



- Dedicated Outreach staff
- Provider Hotline
- Provider Education staff
- COHE Advisor physicians
- Continuing Medical Education – Free and Reduced Cost CME

1. Fundamentals – Provider Network Conceptual Quality Curve



1. Fundamentals - L&I's Provider Network

- Medical Provider Network – broad network for any willing provider meeting basic, minimum criteria
  - Over **25,000** Approved Providers
  - Continuous monitoring
  - Risk of Harm

- $35 million annual savings. The average time-loss of the Non-MPN Group was 36% higher
  - Historical comparison of Time loss associated with attending providers vs non-network providers, 30 highest cost groups matched by Injury Nature and Body Part
  - Non MPN Group of Providers accounted for less than one half of 1% but were an attending provider on 15% of claims

2. Reduce Harm: Role of Medical Director/Medical Advisory Committees

- Clinical and health purchasing policy – advice on coverage decisions and treatment guidelines
- Oversight of medical providers and networks including credentialing, provider review related to quality of care
- Information and communication link to health care community.

- Medical Director
- Industrial Insurance Medical and Chiropractic Advisory Committees (IIMAC and IICAC)
- Advisory Committee on Healthcare Innovation and Evaluation (ACHIEv)

Other Advisory and Collaborations

- Agency Medical Directors Group (AMDG)
- Technical Advisory Group (TAG)
- Bree Collaborative
- Health Technology Assessment program

2. Reduce Harm: Risk of Harm - Opioid Mortality and Morbidity

Harm: opioid related death and morbidity (*e.g.* overdose)

Low quality care: various*

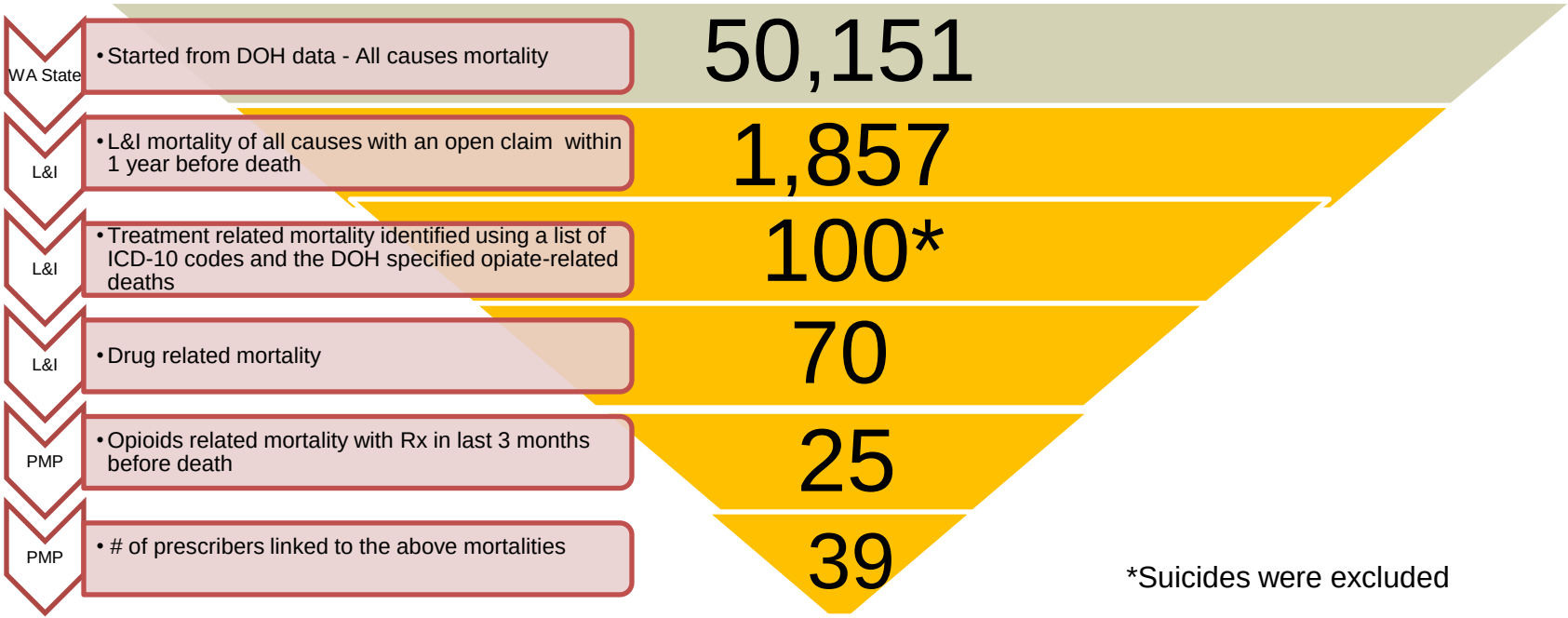
- Overuse of treatment intervention (*e.g.* high dose and long term prescription of opioids)
- Poor prescribing patterns (*e.g.* opioids + sedatives)

Pattern(s):

- Two or more deaths
- or one death + an overdose event;
- or one death + very high doses in other patients (risk of harm)

*Some patterns of low quality care (very high doses of opioids) constitute risk of harm

2. Reduce Harm: ROH Data Results: 2012 Opioid Mortality Data (linking Dept. of Health Death, L&I and Prescription Monitoring data)



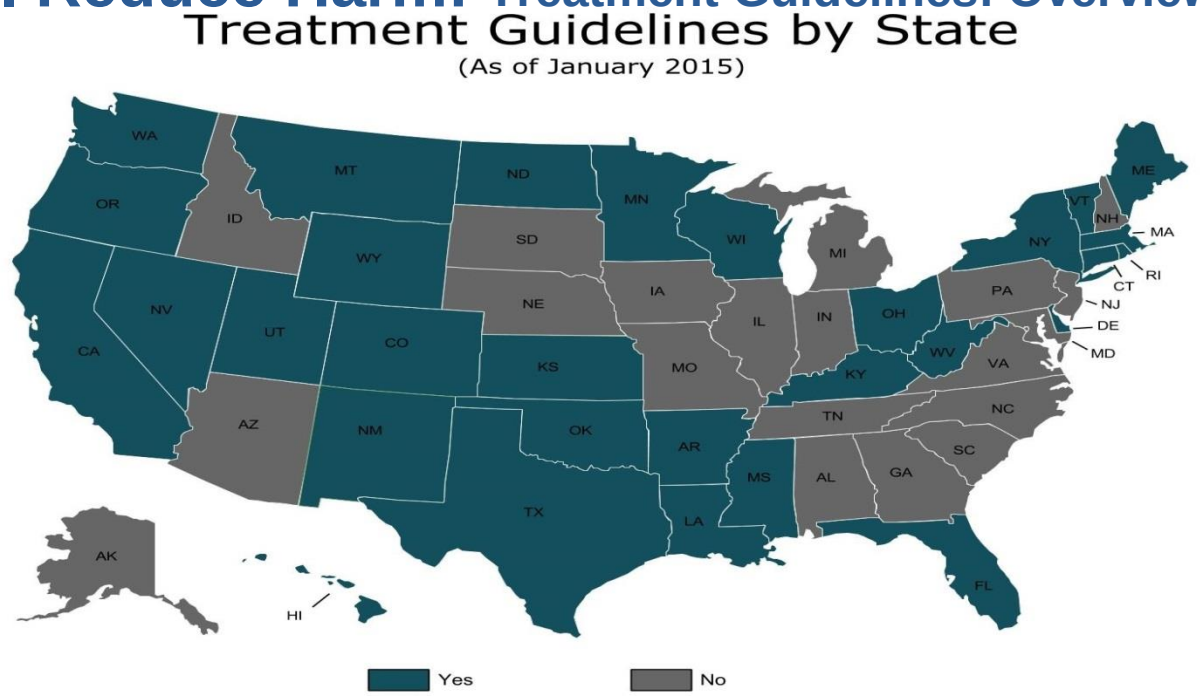
*Suicides were excluded

2. Reduce Harm: Outcome of Analysis and Validation Review

- Of the data matched 25 opioid-related deaths (39 prescribers). Must have at least 1 opioid prescription filled 3 months prior to event
  - 14 prescribers no confirmation and no further action
  - 21 *confirmed prescription* opioid-related deaths (25 prescribers)
    - 7 classified as “definite” (10 prescribers)
    - 7 classified as “probable” (8 prescribers)
    - 7 classified as “possible” (7 prescribers)

- Network Status
  - 1 network prescriber had 2 prescription opioid-related deaths (“definite” + “possible”) in 2012
  - 1 provisional prescriber had a “definite” death in 2012 and a “definite” death in 2010
  - 4 prescribers were non-participating providers
  - 4 prescribers (currently participating) referred to Credentialing for review

2. Reduce Harm: Treatment Guidelines: Overview



- Just over half of U.S. states have enacted treatment guidelines.
- Range from a few conditions/treatments to comprehensive
- Some states have guidelines as “standard reference” and have no direct authority in the direction of medical treatment, while others reference guidelines directly in state rules and regulations.
- State specific vs. commercial (ACOEM, ODG)

Source: IAIABC State Index on Treatment Guidelines (2015)

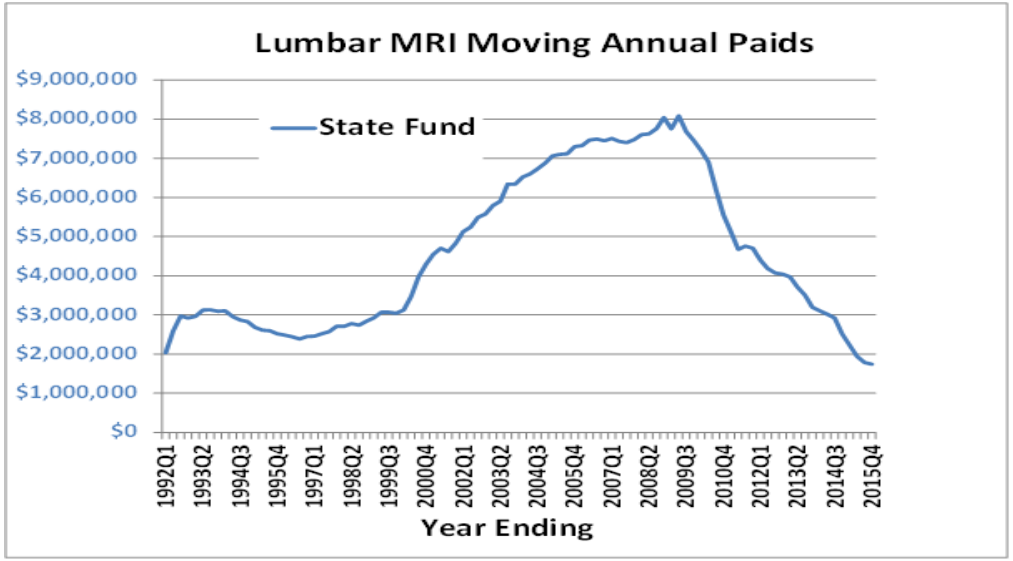
WA Guidelines available at http://www.lni.wa.gov/ClaimsIns/Providers/TreatingPatients/TreatGuide/default.asp

2. Reduce Harm: L&I's Utilization Review

Follows Published Criteria from Rigorous Guidelines

- Contract with Qualis Health
  - All inpatient hospitalizations
  - Selected outpatient surgical procedures
  - Physical Therapy beyond 24 visits
  - Advanced imaging
  - Spinal injections
- UR Simplification (Group A and Gold Card Providers)

More information is available at: http://www.lni.wa.gov/ClaimsIns/Providers/AuthRef/UtilReview/



2. Reduce Harm:
Outcome in Lumbar MRI

Why it matters

Low back pain is:

- one of patients' most common complaints.
- Americans spend at least $50 billion each year
- most common cause of job-related disability and a leading contributor to missed work.

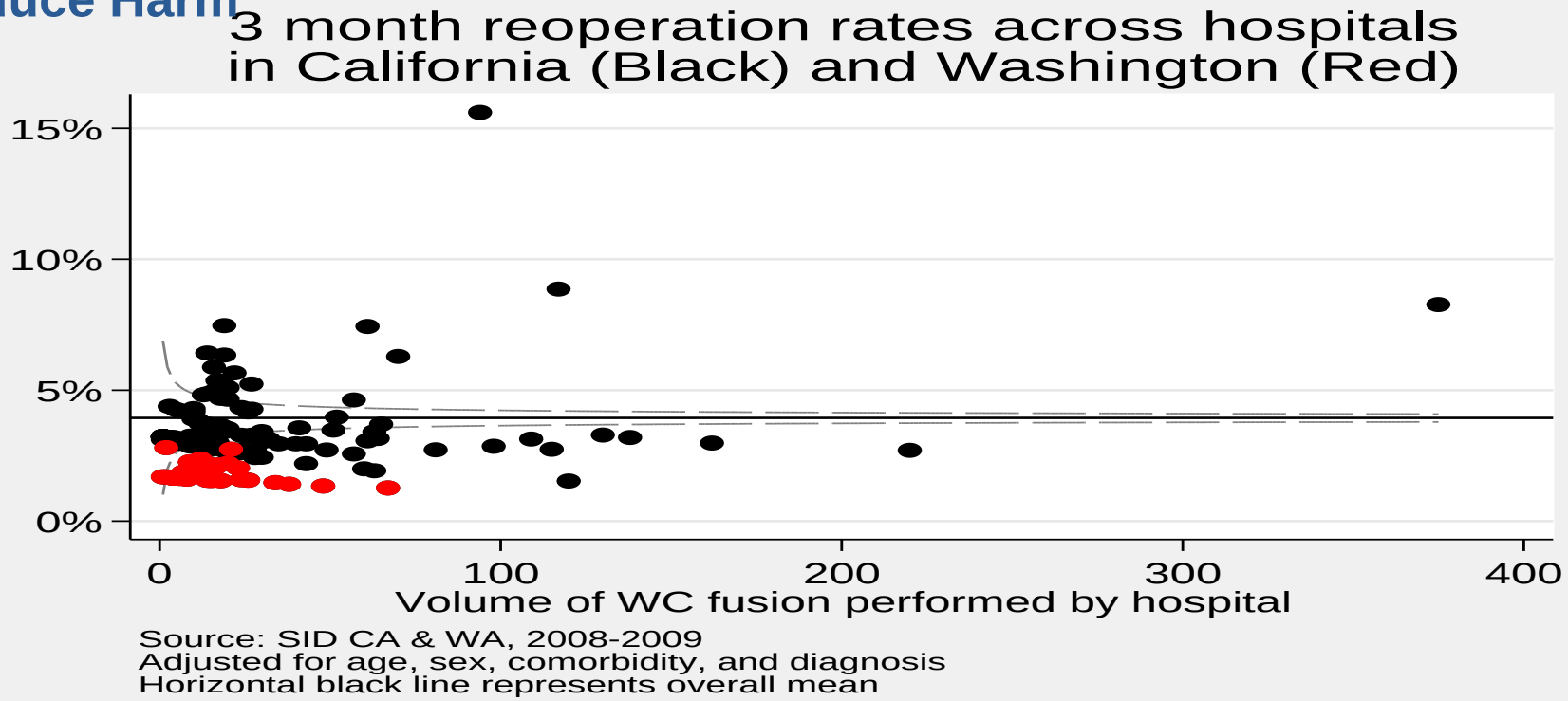
WASHINGTON HEALTH ALLIANCE
Leading health system improvement

Choosing Wisely
An initiative of the ABIM Foundation

1. MRIs are good for identifying spinal infections and cancer - for which there are also other "red flags" (less than 1% of all back pain)

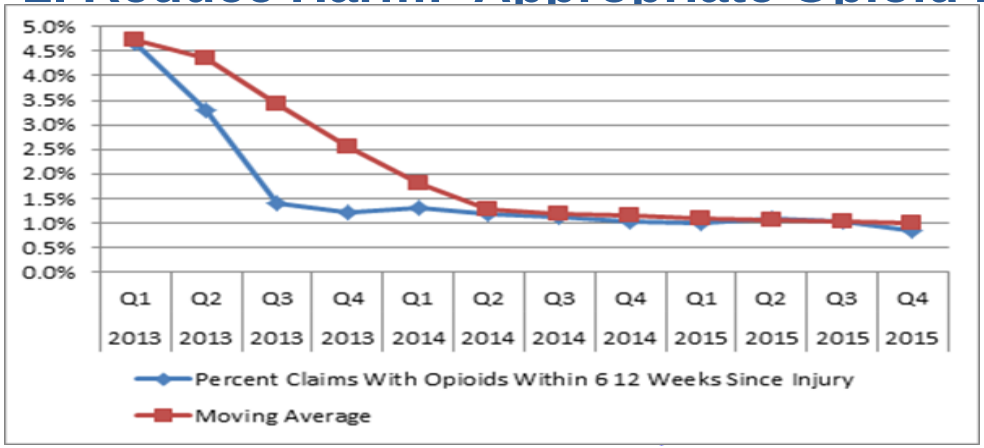
2. *Imaging subjects patients to* ***unnecessary harm by*** finding abnormalities that are not clinically relevant… Patients who received an MRI during the first month of back pain were **eight times more likely to have surgery** and experience a five-fold increase in medical expenses with **no observed gains in recovery time** as compared to patients undergoing no imaging (Webster and Cifuentes, 2010).

2. Reduce Harm



Martin BI et al, 2012

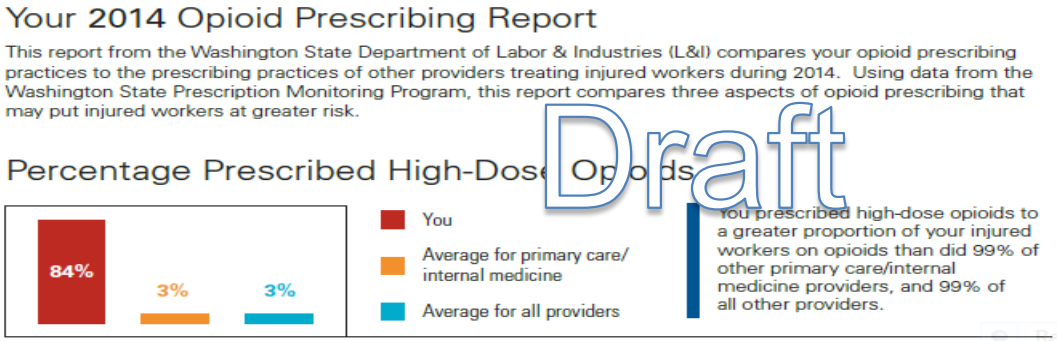
2. Reduce Harm: Appropriate Opioid Prescribing



L&I is a national leader

- Identification of Harm
- Opioid management
- Guideline development
- Provider *Feedback* *(coming soon)*

[www.**opioids**.lni.wa.gov](http://www.opioids.lni.wa.gov)



2. Reduce Harm: Additional Treatment Guideline - Results

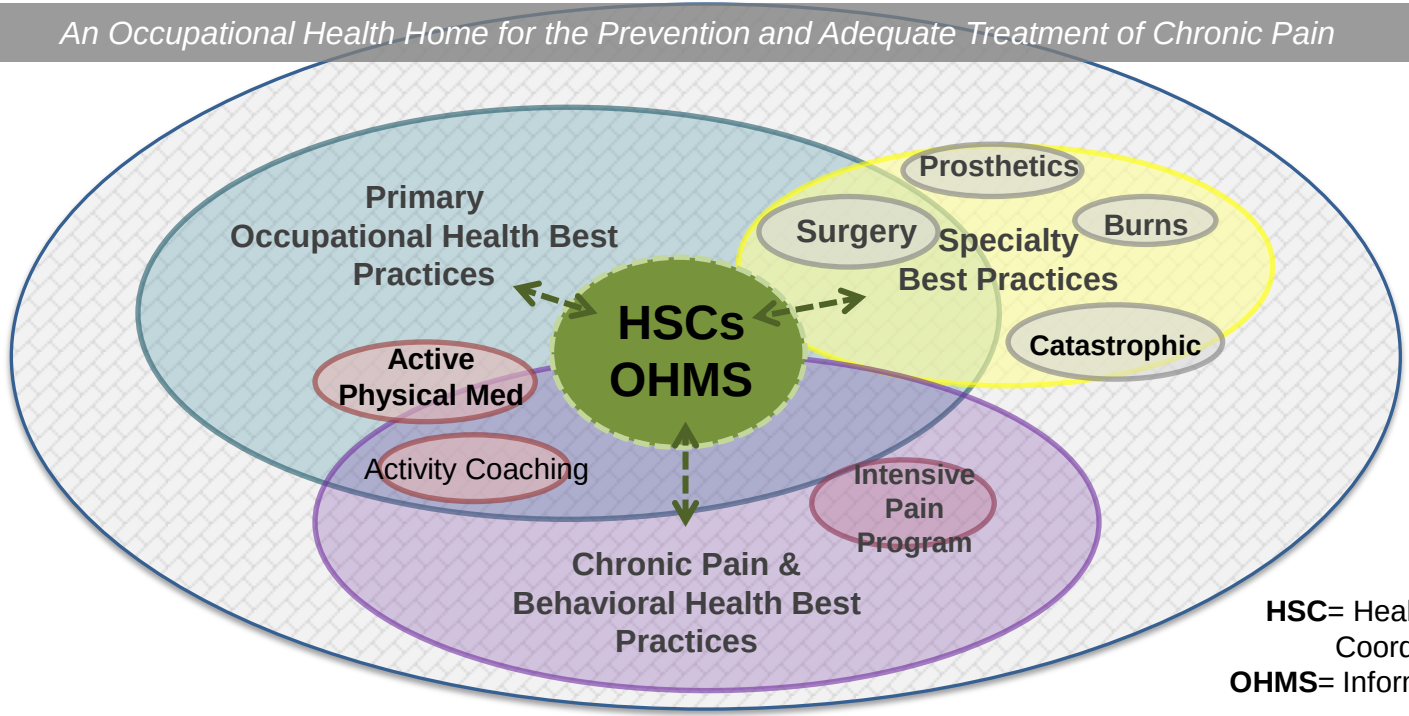
IIMAC GUIDELINES	Year before Guideline	After Guideline
Carpal Tunnel Syndrome (Effective 4/09)	**2008** (2008)	**1380** (2013 data) **31% reduction**
Proximal Median Nerve Entrapment (Effective 8/09)	**38 (**58 total 2009)	**10** (2012 data) **74% reduction**
Ulnar Neuropathy at the Elbow (Effective 1/10)	**302** (2009)	**187** (2012 data) **38% reduction**
Radial Tunnel Syndrome (Effective 4/10)	**57** (2009)	**19** (2012 data) **67% reduction**
Thoracic Outlet Syndrome (Effective 10/10)	**58** (2009)	**30** (2013) **48% reduction**

3. Quality Care

WA Healthy Worker 2020

Innovation in Collaborative, Accountable Care

An Occupational Health Home for the Prevention and Adequate Treatment of Chronic Pain

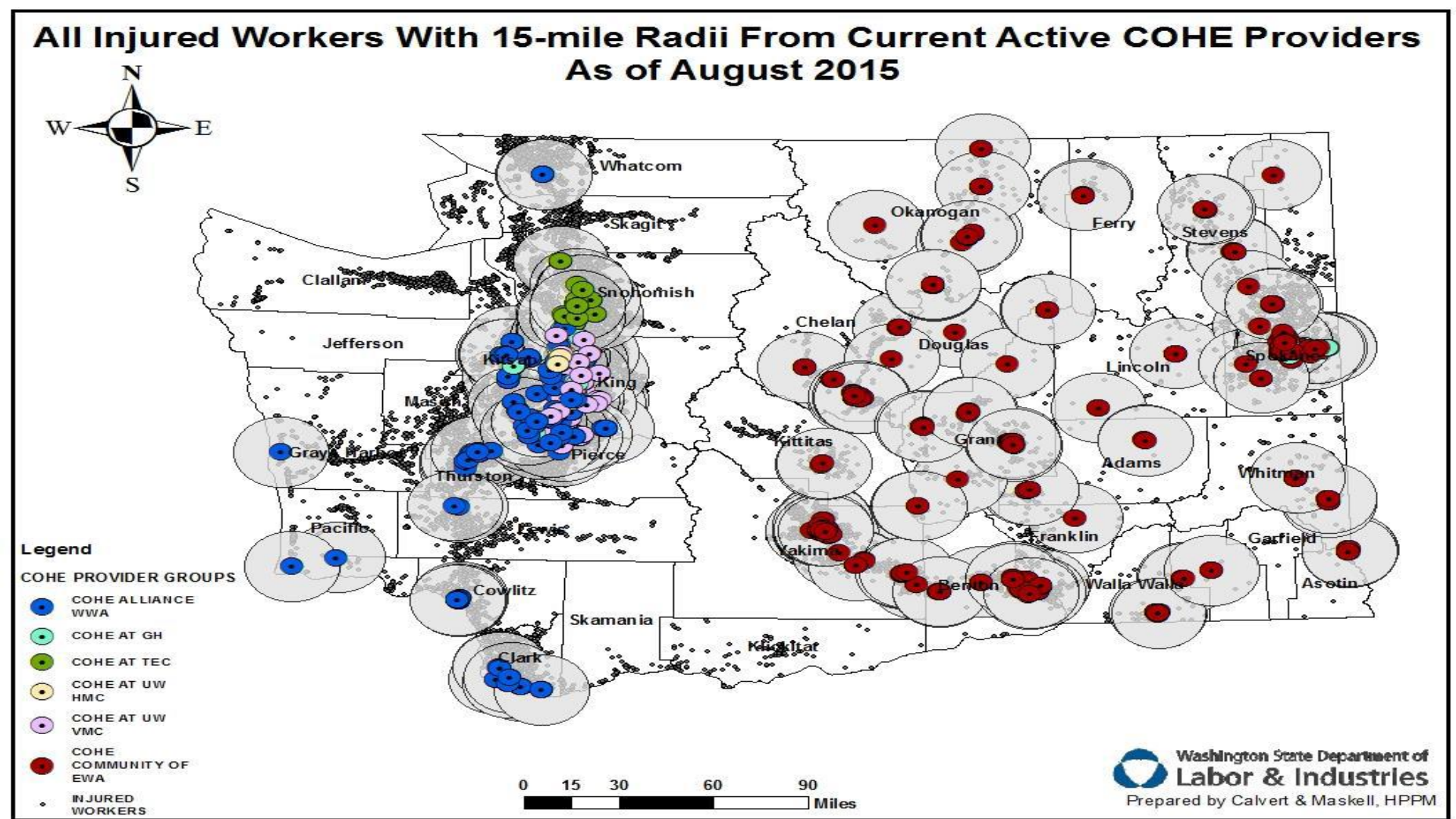


HSC= Health Services Coordinator
OHMS= Information System

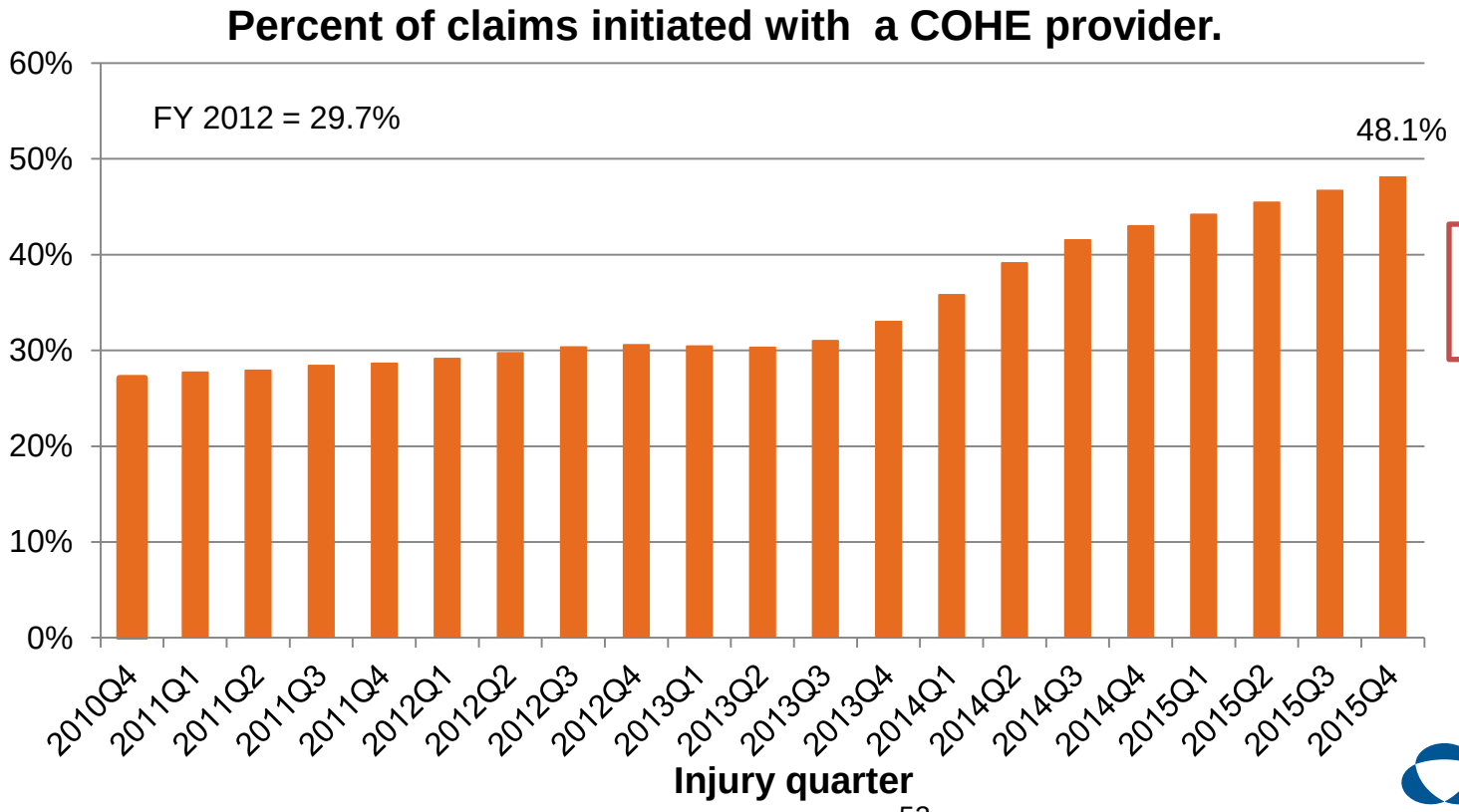
3. Quality Care: L&I's Best Practices and Quality Providers

- Centers of Occupational Health and Education (COHE)
  - http://www.lni.wa.gov/ClaimsIns/Providers/ProjResearchComm/OHS/default.asp
- Top Tier of the MPN
  - in development - payment for performance of demonstrated best practices
- New Best Practices
  - Pilots and Projects such as Catastrophic Care

All Injured Workers With 15-mile Radii From Current Active COHE Providers As of August 2015



Injured workers whose claims are initiated with a COHE provider, on average, have better outcomes and lower claim costs.



The goal is to increase this number

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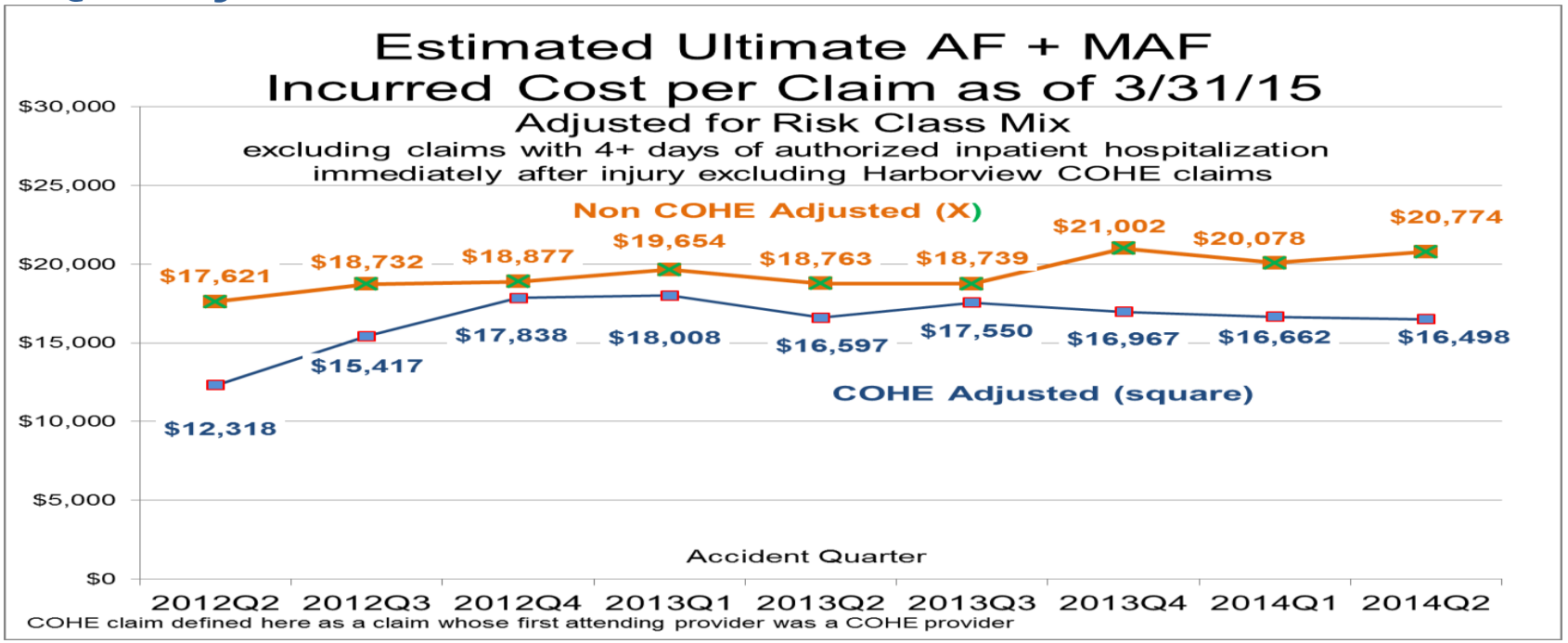
3. Quality Care - COHE Results



- About 50% of claims initiated with COHE Provider
- About 3,000 COHE providers (out of 24,000 Network providers)

3. Quality Care: Top Tier

Top Tier – of Core Occupational Health Best Practices

- Route 1: COHE High Adopter with access to COHE HSC
- Route 2: Top Tier Criteria presented at ACHIEV plus systematic care coordination

Top Tier – of Surgical Occupational Best Practices

- Route 3: Surgical best practices high adopter plus care coordination
    - New program that combines ONSQP and SBP

Top Tier – (to be named) Occupational Health Best Practices

- Limited possible new best practices may be identified through Healthy Worker 2020 initiative

3. Quality Care: L&I Occupational Health Best Practices in Development

Evidence Based Best Practices

Identification: UW led process based on literature review and selection by a focus group of providers

Pilots Underway:

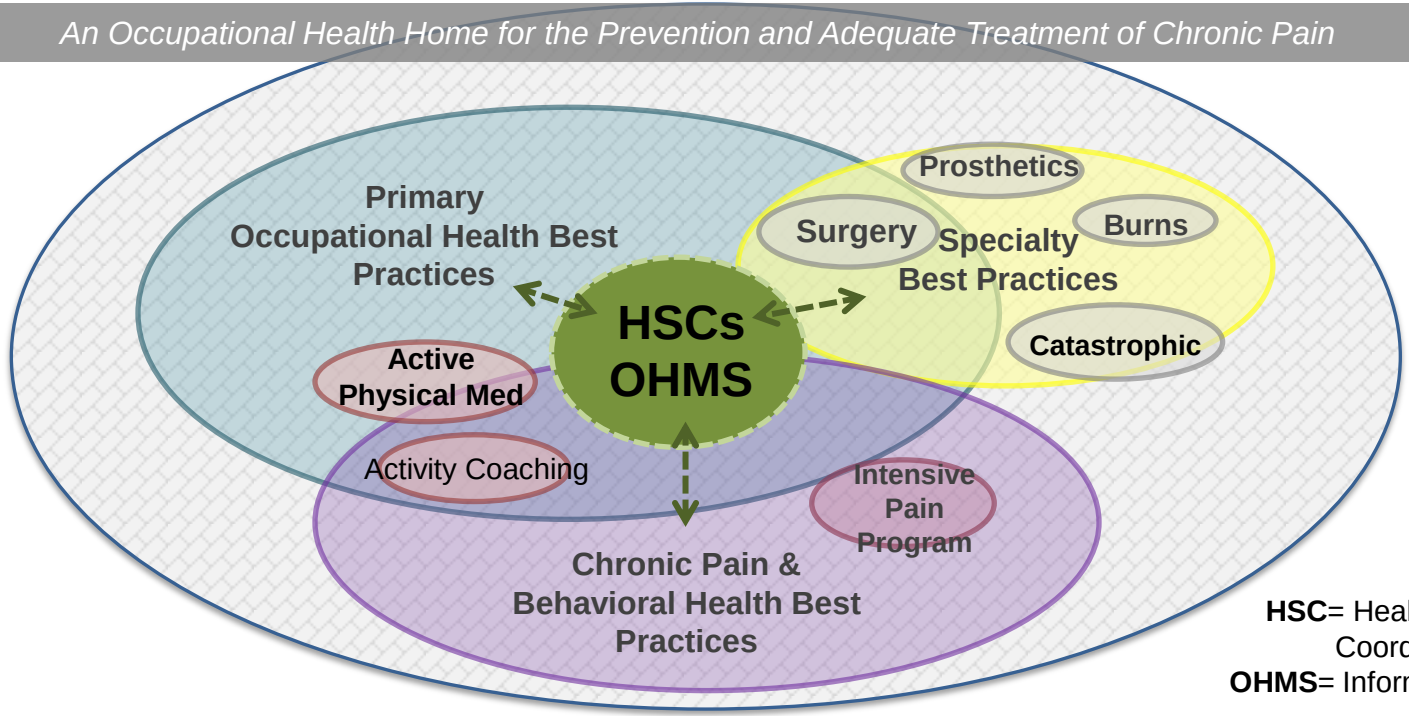
- Functional Recovery Questionnaire/Intervention Pilot
  - Early identification of potentially “at risk” workers
  - Providers incorporate interventions to enhance recovery
- Surgical Best Practice Pilot
  - Four best practices covering (1) transition of care, (2) return to work planning, (3) care coordinator to coordinate care and track transition, and (4) assist with complex cases
- Catastrophic Care Management Project
  - Five point plan to (1) increase nurse case management; (2) create internal referral team, (3) enhance care coordination, (4) establish Centers of Excellence, and (5) conduct an evaluation

3. Quality Care

WA Healthy Worker 2020

Innovation in Collaborative, Accountable Care

An Occupational Health Home for the Prevention and Adequate Treatment of Chronic Pain



HSC= Health Services Coordinator
OHMS= Information System

Washington's Strategies to Prevent Disability

Payer Fundamentals

- Fee Schedule
- Provider Education and Outreach
- Provider Network

Reduce Harm

- Risk of Harm
- Utilization Review
- Treatment Guidelines

Identify and Pay for Quality Clinical Care

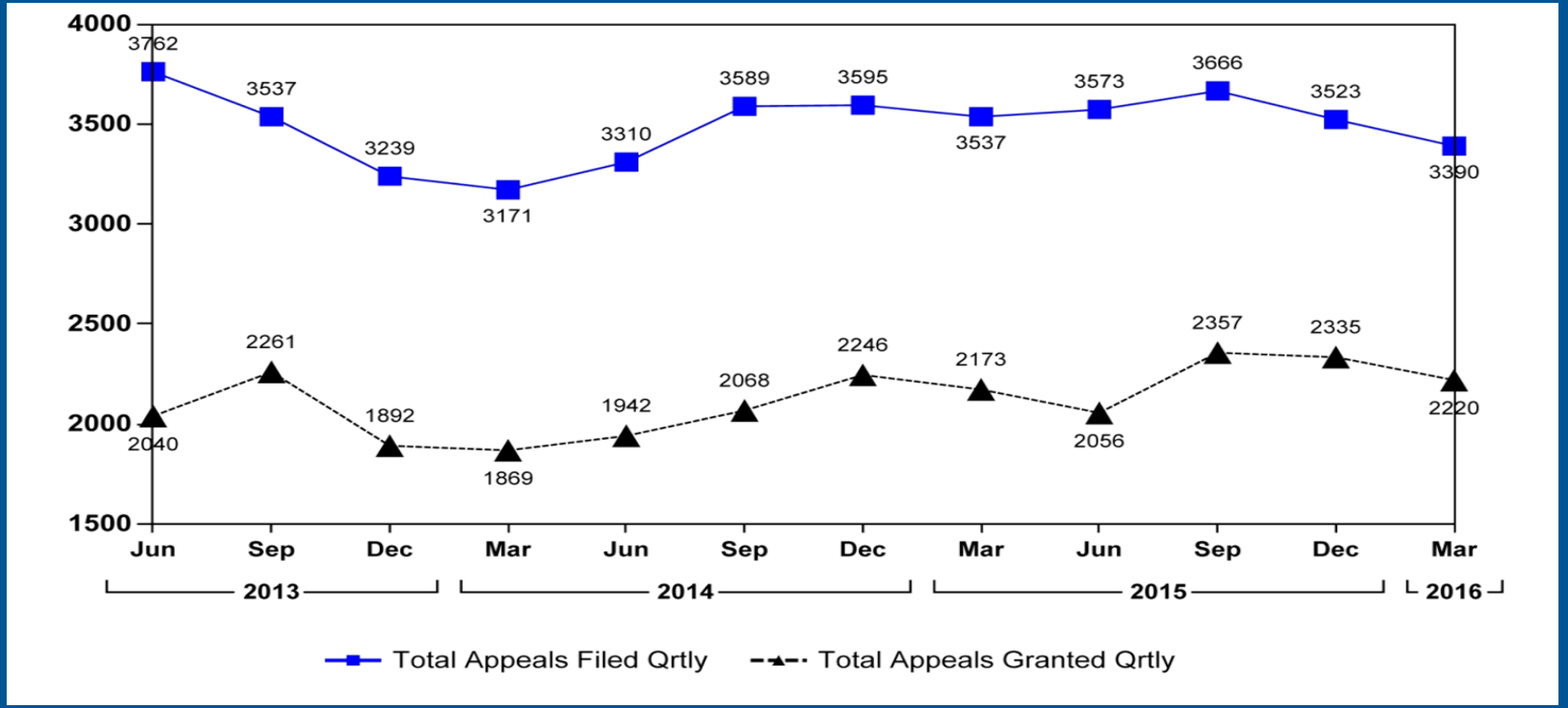
- Centers for Occupational Health and Education
- Top Tier
- New Evidence Based Best Practices

Questions

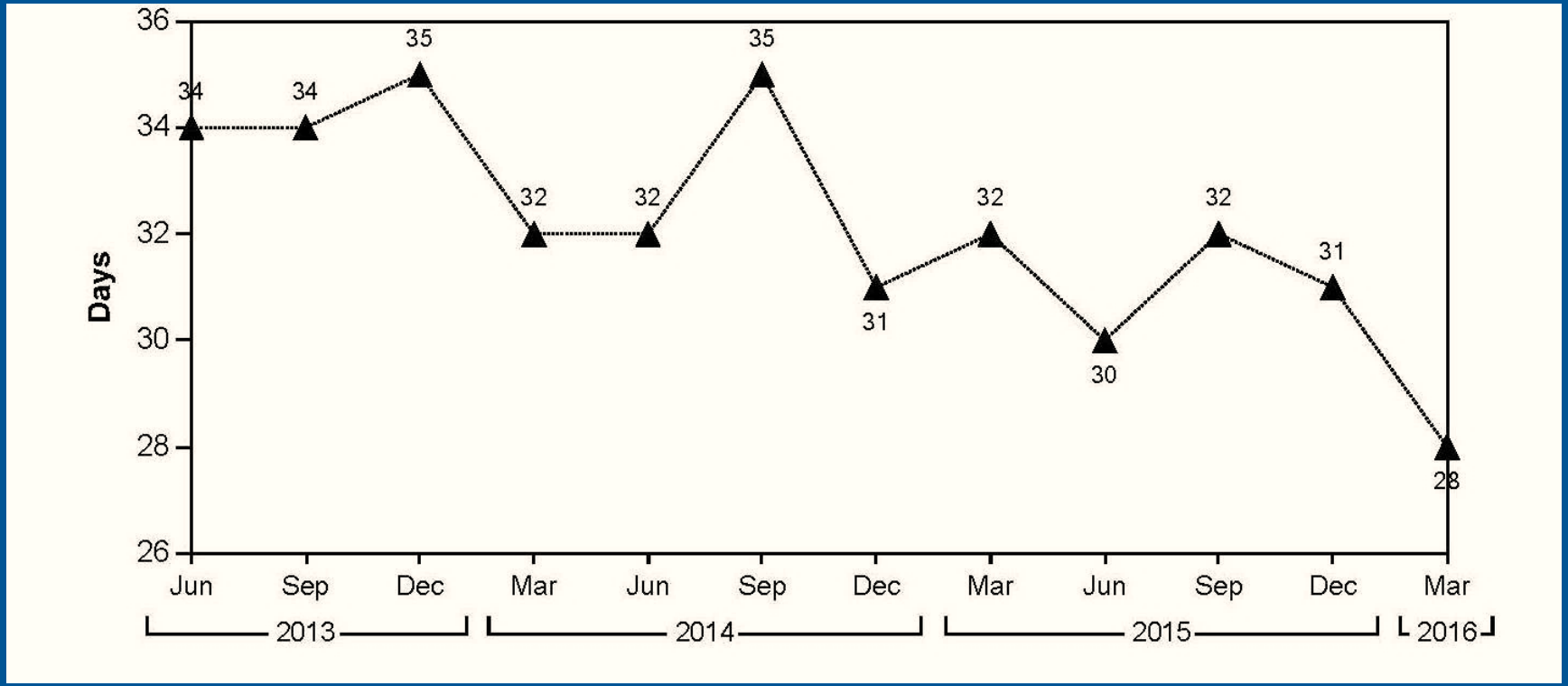
Board of Industrial Insurance (BIIA) Update

Dave Threedy

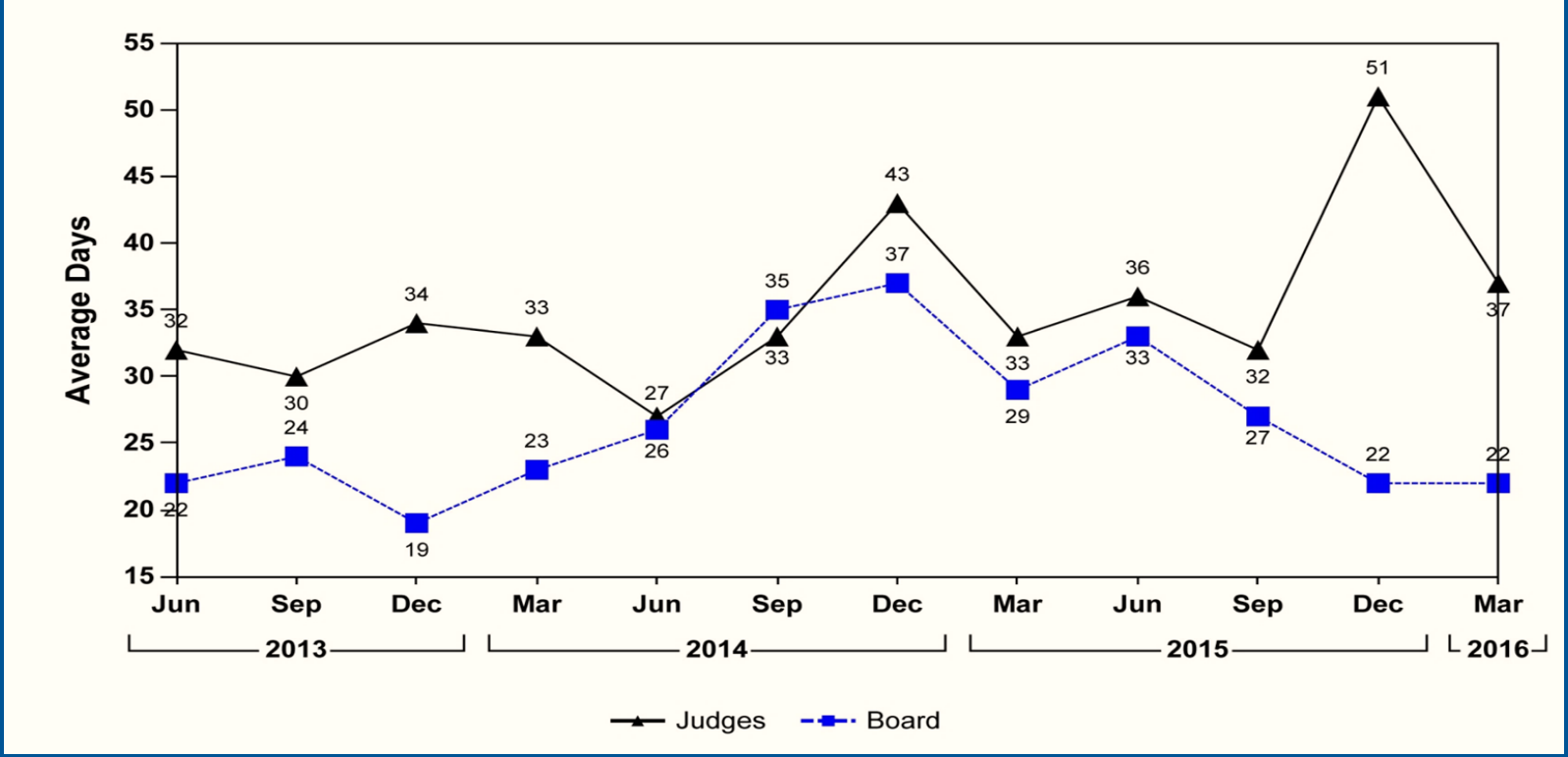
Total Appeals Filed and Granted



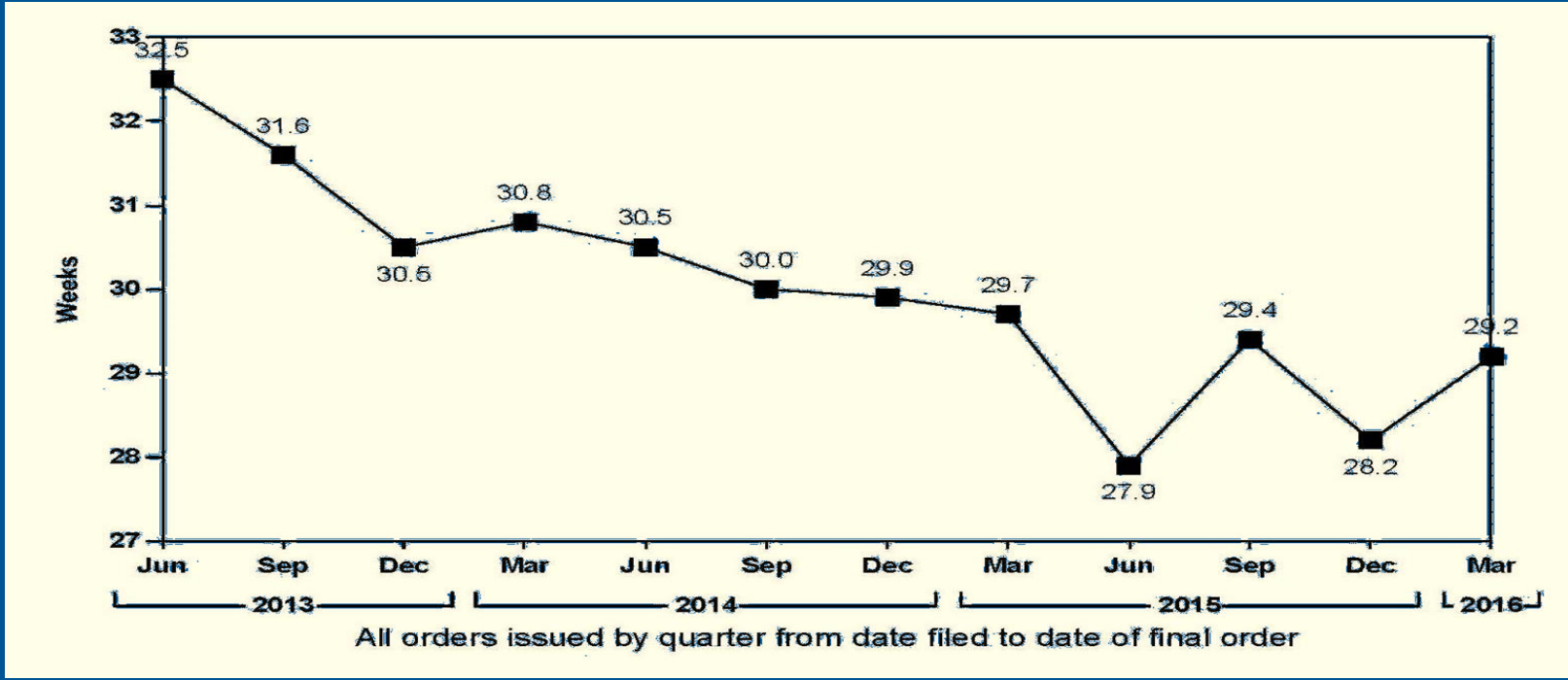
Average PD&O* Time-lag by Quarter for Hearing Judges



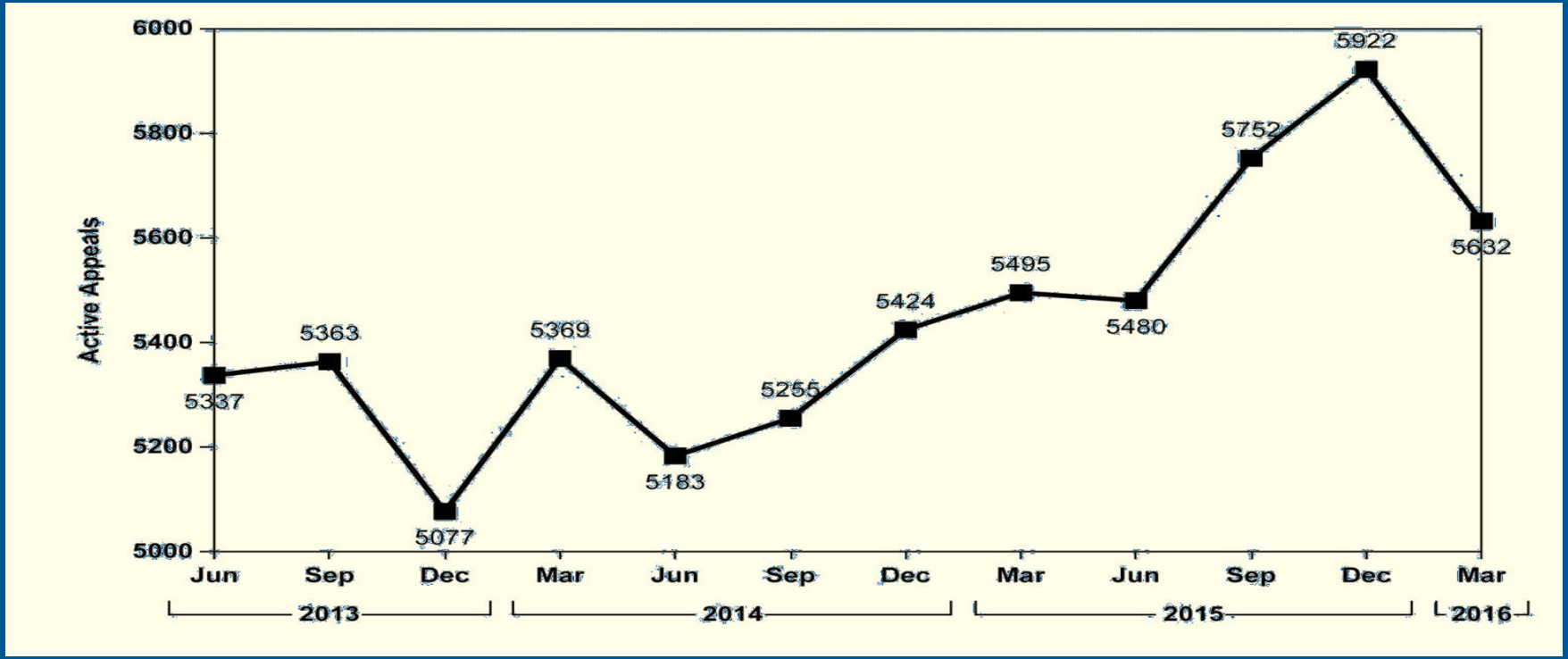
D & O* Time-Lag by Quarter



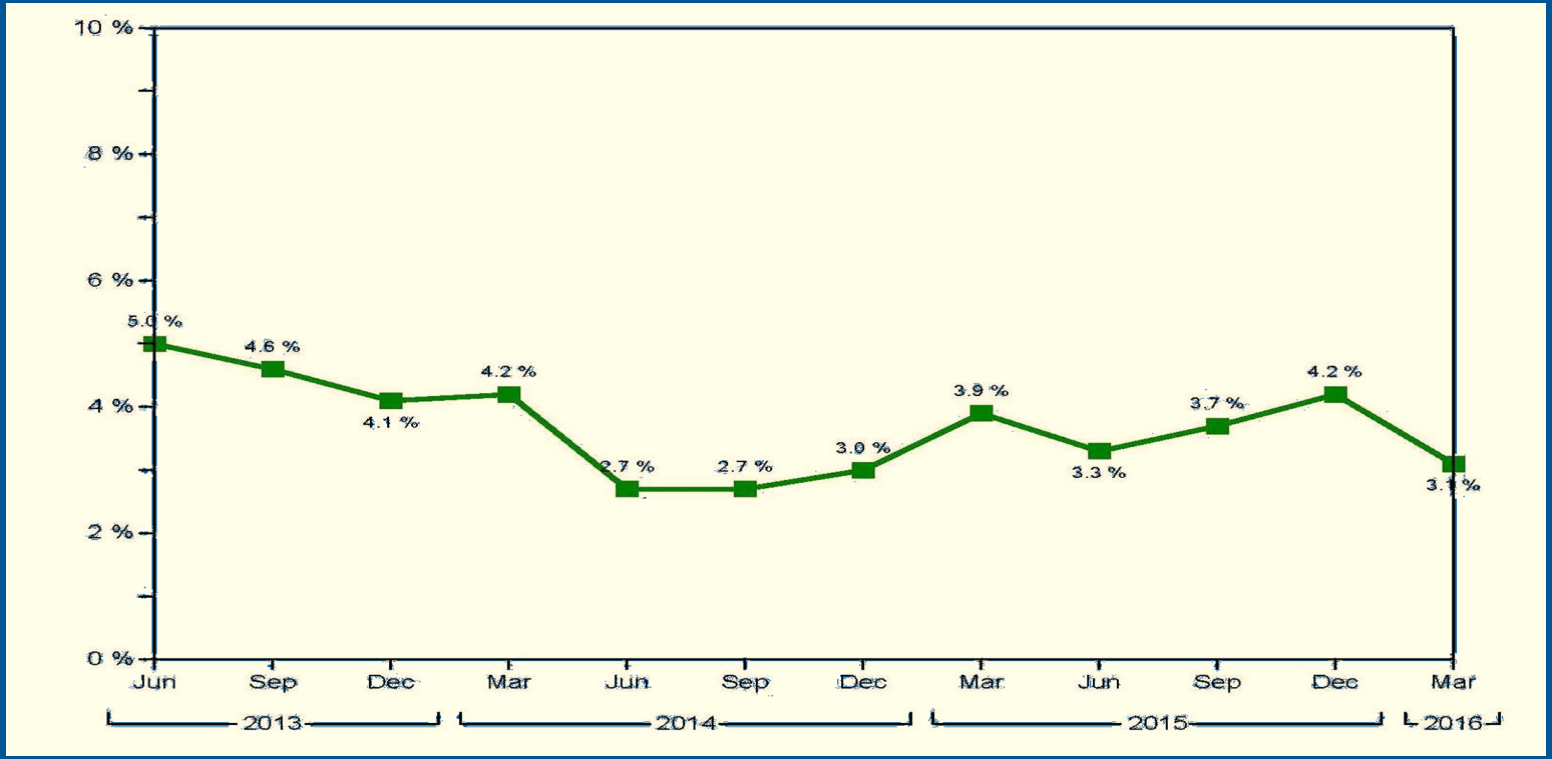
Quarterly Average Weeks to Completion



Caseload at End of Quarter



Percentage of Final Orders Appealed to Superior Court - Quarterly



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BREAK

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GENERAL UPDATES

Vickie Kennedy, Assistant Director for Insurance Services

Joel Sacks, Agency Director

Washington State Department of
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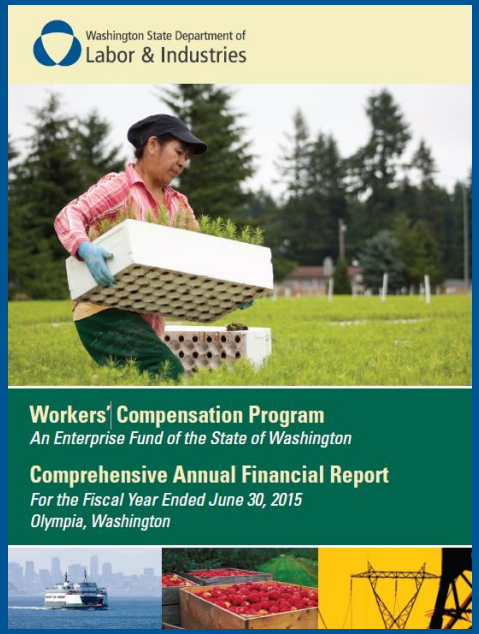
L&I Received GFOA Certificate of Excellence in Financial Reporting for Six Consecutive Years!



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INDUSTRIAL INSURANCE (STATE) FUND

FINANCIAL OVERVIEW

STATUTORY FINANCIAL INFORMATION
FISCAL YEAR 2016 THROUGH SECOND QUARTER
JULY 2015 – DECEMBER 2015

Rob Cotton

Workers' Compensation Accounting Manager

WCAC Meeting

Washington State Department of Labor & Industries

Significant Financial Highlights

July 2015 through December 2015

The contingency reserve decreased $149 million, from $1,225 million on July 1, 2015 to $1,076 million on December 31, 2015.

↑	• Premiums are greater than current accident year incurred costs • Realized gains on equities from rebalancing in July 2015
↓	• Unrealized losses from equities due to the downturn in the stock market • Projected liabilities for prior years' claim benefits increased primarily in July through September • Unrealized losses from fixed income due to a rating change for a few bonds

Change in the contingency reserve by quarter:

- July 1st to September 30, 2015 – a decrease of $269 million.
- October 1st to December 31, 2015 – an increase of $120 million.

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Potential changes for 2016 contingency reserve

Drivers	Percentage	Amount (range) dollars in millions
Decisions that will reduce the contingency reserve		
Reduce Pension Discount Rate from 6.4% to	6.3%	$35*
Decisions that will increase the contingency reserve		
Adopted 2016 Premium rate increase	2.0%**	$29
Continue operational efficiencies		$35 to $70
This will either reduce or increase the contingency reserve		
Investments		$X to $Y

*Does not include Self Insurance **Includes Supplemental Pension Fund rate.

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State Fund Results

"Net Income"

July 2015 through December 2015

Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income $69 M

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Insurance Operations

July through December
(in millions)

		Six Months Ended	
		December 31, 2015	December 31, 2014
We took in (Premiums Earned)	+	$ 971	$ 917
We spent (Expenses Incurred)			
Benefits Incurred		1,086	971
Claim Administrative Expenses		116	103
Other Insurance Expenses		43	39
Total Expenses Incurred	-	1,245	1,113
Net Loss from Insurance Operations	=	$ (274)	$ (196)

Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income

Net loss from insurance operations is normal for workers compensation insurers who routinely rely on investment income to cover a portion of benefit payments.

Washington State Department of Labor & Industries

Premiums Earned

July through December
(in millions)

	Six Months Ended December 31, 2015	Six Months Ended December 31, 2014	Difference
Standard Premiums Collected	$ 1,065	$ 998	
Less Retrospective Rating Adjustments	(42)	(42)	
Net Premiums Collected	**1,023**	**956**	
Changes in future Premium Amounts To Be Collected	9	9	
Changes in future Retrospective Rating Adjustment Refunds	(61)	(48)	
Net Premiums Earned	**$ 971**	**$ 917**	**$ 54**

Insurance Operations + Investment Income + Other Revenues and Expenses = Net Income

Washington State Department of Labor & Industries

Benefits Incurred

July through December
(in millions)

	Six Months Ended		
	December 31, 2015	December 31, 2014	Difference
Benefits Paid	$ 781	$ 799	$ (18)
Total Change in Benefit Liabilities	304	173	131
Benefits Incurred	**$ 1,085**	**$ 972**	**$ 113**

Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income
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Washington State Department of Labor & Industries

Investment Income

July through December
(in millions)

		Six Months Ended	
		December 31, 2015	December 31, 2014
Investment Income Earned from Dividends and Interest	+	$ 250	$ 246
Realized Gains from Fixed Income Investments Sold	+	7	15
Realized Gains from Stocks (Equity Investments) Sold	+	56 *	1
Total Investment Income	=	**$ 313**	**$ 262**

Insurance Operations + **Investment Income** + Other Revenues and Expenses = Net Income

*Equities were sold to rebalance the portfolio.

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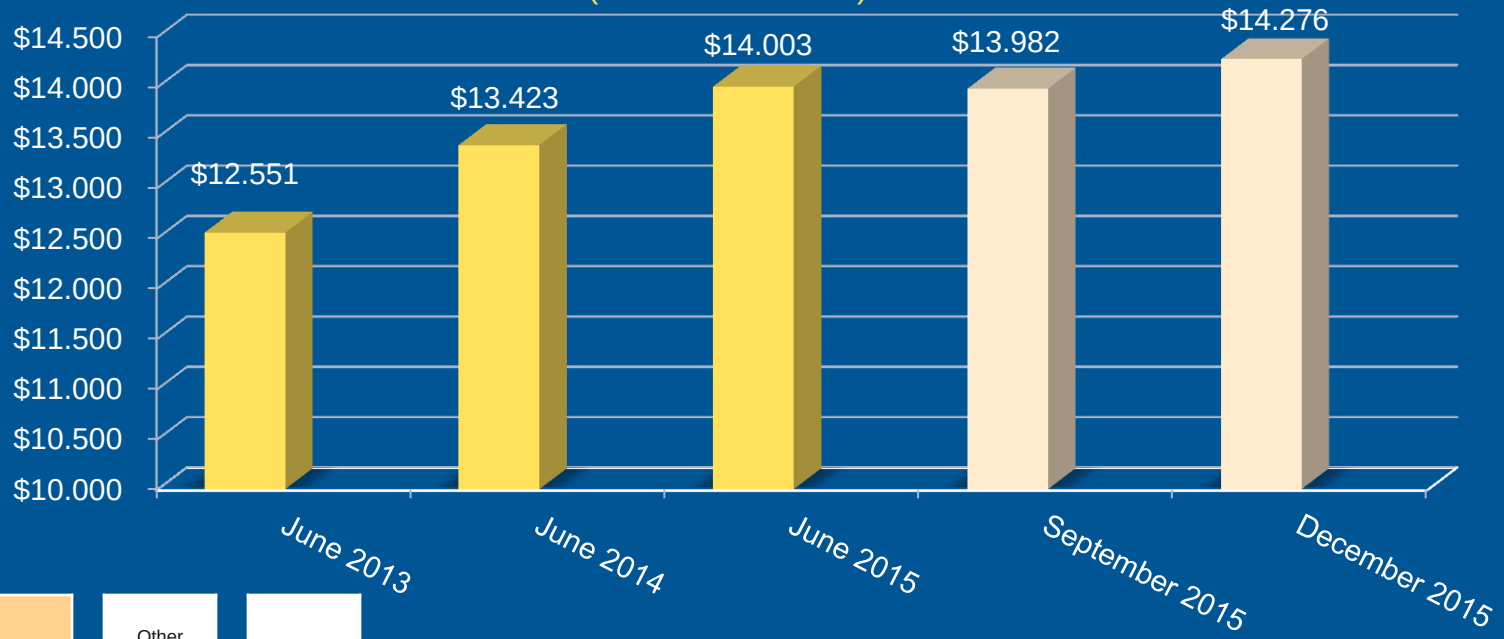
Labor & Industries

Total Investments

(rounded to billions)



Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income

Washington State Department of Labor & Industries

Results of Operations

July 2015 through December 2015

Insurance Operations	+	Investment Income	+	Other Revenues and Expenses	=	Net Income (Loss)
($274) million	+	$313 million	+	$30 million	=	$69 million

Washington State Department of Labor & Industries

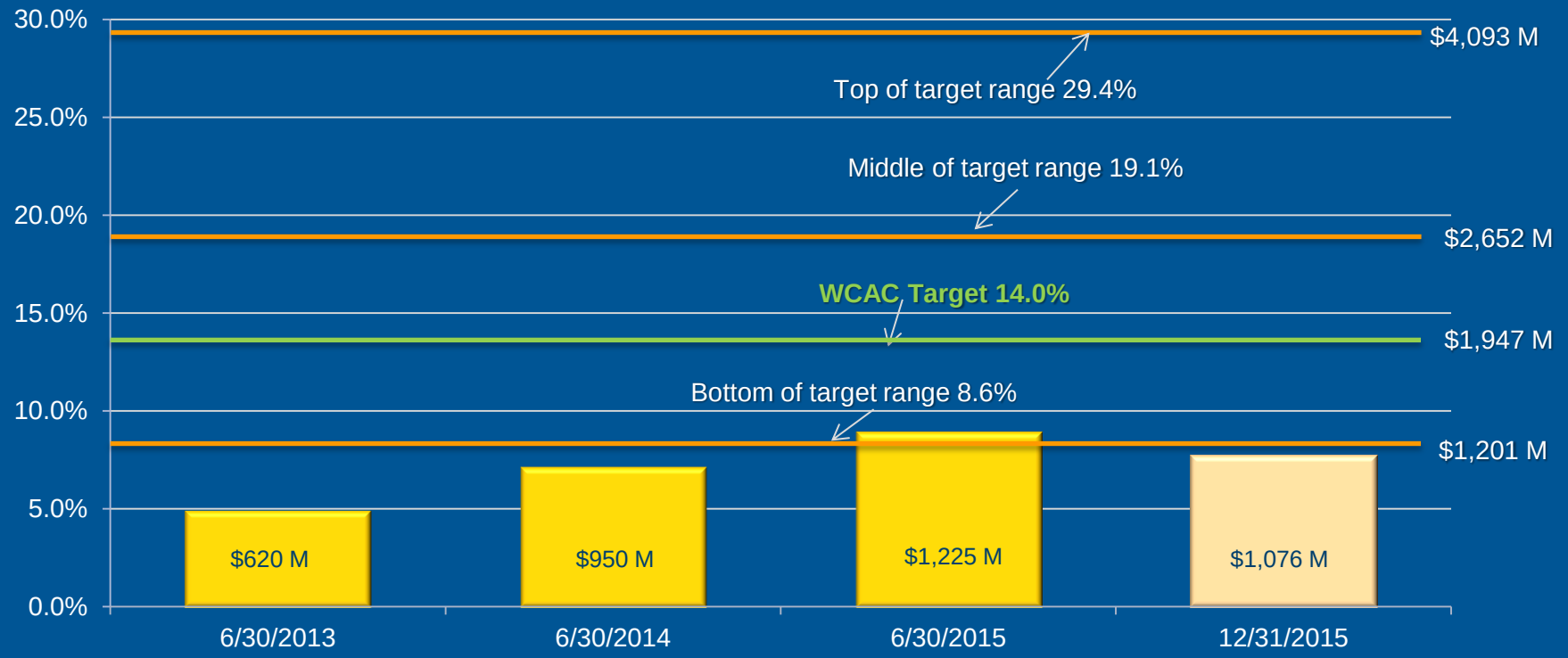
How Did Contingency Reserve Perform?

July 2015 through December 2015

Change ($149) million

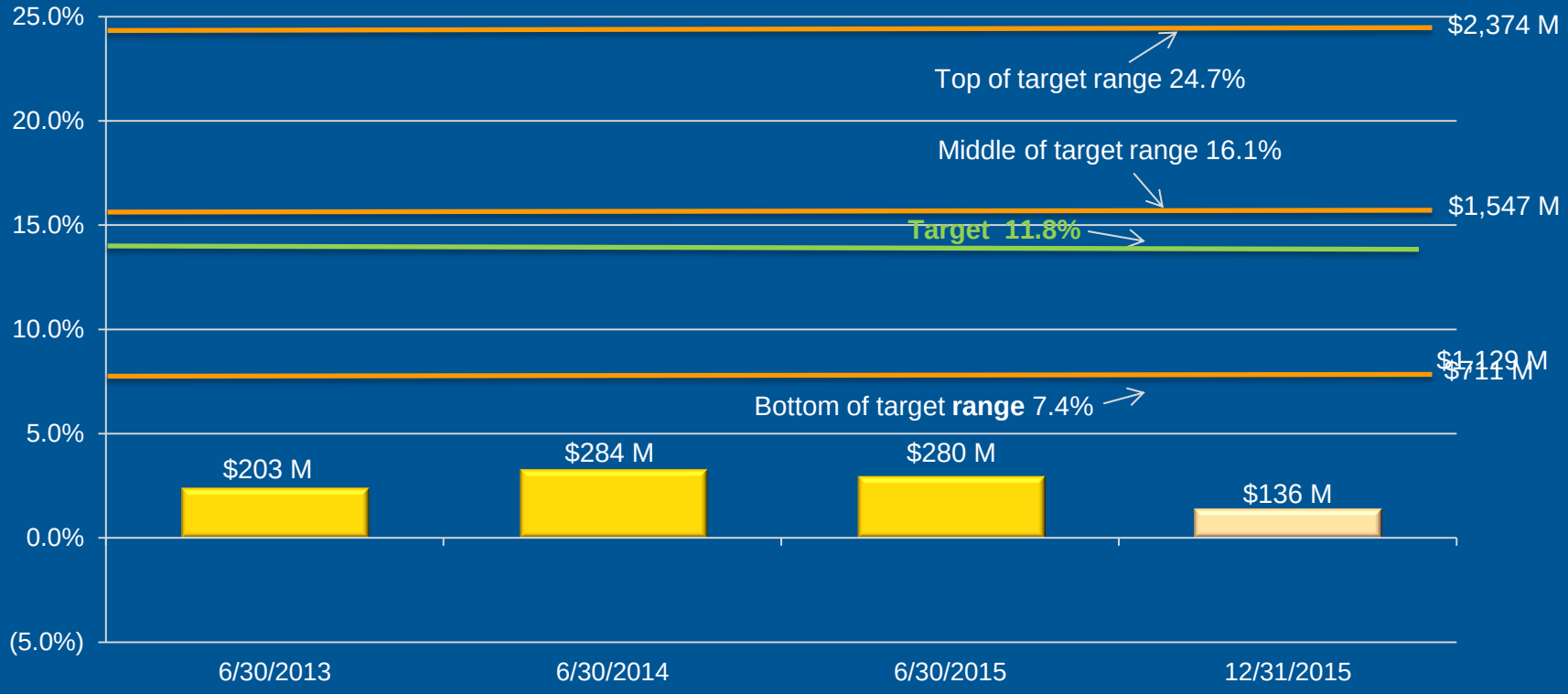
Beginning Contingency Reserve as of June 30, 2015	+	Net Income (Loss)	+	Unrealized Capital Gain/(Loss)	+	Non-Admitted Assets	=	New Contingency Reserve as of December 31, 2015
$1,225 million	+	$69 million	+	($206) million	+	($12) million	=	$1,076 million

Combined Contingency Reserve vs. Targets
Combined Contingency Reserve is 7.7% of Total Liabilities



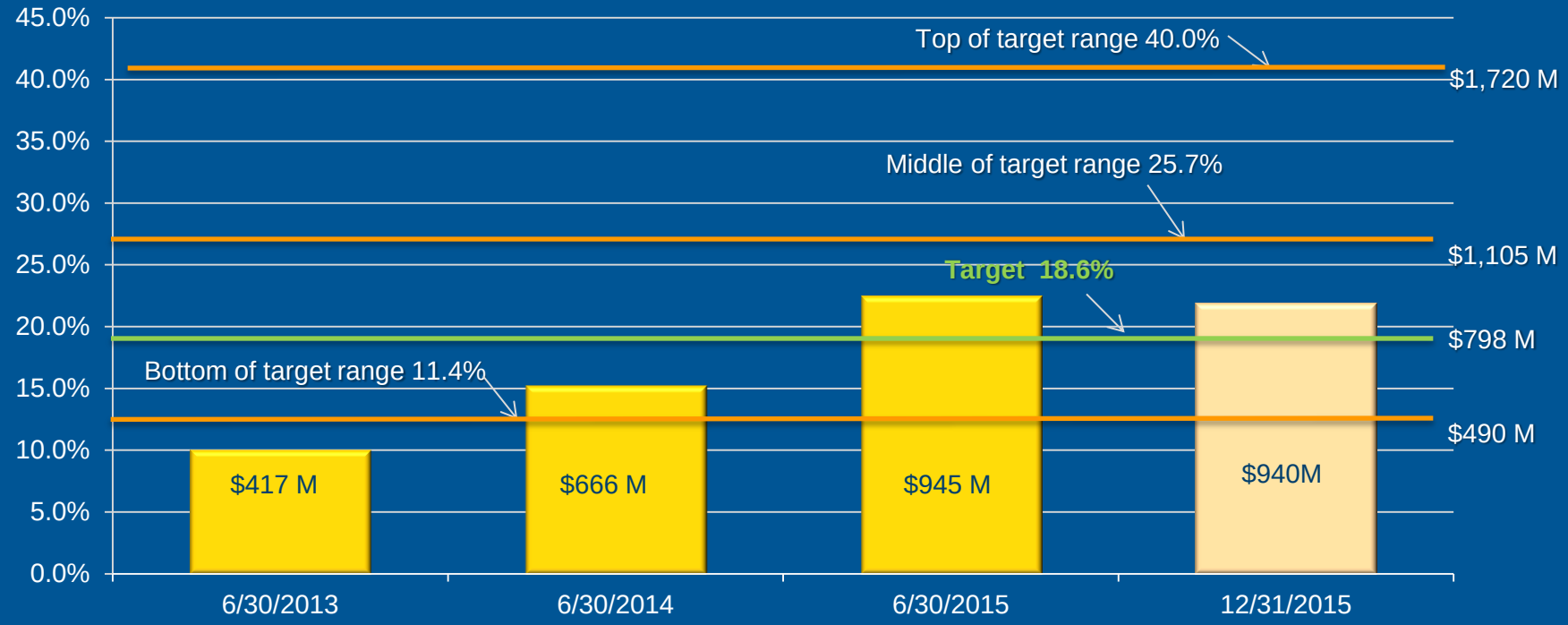
Accident & Pension Contingency Reserve vs. Targets

Accident & Pension Contingency Reserve is 1.4% of Liabilities



Medical Aid Contingency Reserve vs. Targets

Medical Aid Contingency Reserve is 21.9% of Total Liabilities



Key Financial Ratios
as a percentage of premium earned

Ratios	Six Months Ended December 31, 2015		Six Months Ended December 31, 2014	Quarter Ended September 30, 2015	Fiscal Year Ended June 30, 2015
	State Fund	Industry Forecast			
Current Year Benefit (Loss Ratio)	83.8%		91.4%	87.6%	92.4%
Prior Year Benefit (Loss Ratio)	28.0%		14.5%	31.3%	11.6%
Total Benefit (Loss Ratio)	**111.8%**	**59.8%**	**105.9%**	**118.9%**	**104.0%**
Claim Administration Expense (CAE) Ratio	12.0%*	13.7%	11.2%	14.5%*	11.4%
Sub-Total: Benefit and Claim Administration Expense Ratios	123.8%	73.5%	117.1%	133.4%	115.4%
Underwriting Expense Ratio includes all insurance administrative expenses except CAE	4.4%	24.2%	4.2%	4.1%	4.7%
Combined Ratio	**128.2%**	**97.7%**	**121.3%**	**137.5%**	**120.1%**
Investment Income Ratio	25.7%	17.1%	26.9%	24.0%	27.3%
Operating Ratio	**102.5%**	**80.6%**	**94.4%**	**113.5%**	**92.8%**

Note: a ratio of 100% would indicate that costs = premium for the period

*Includes actuarial correction

Washington State Department of Labor & Industries

Questions & Comments

Contact Rob Cotton,

Workers' Compensation Accounting Manager

Phone: 360-902-6263

Email: cotr235@lni.wa.gov.

Thank You!

Washington State Department of Labor & Industries

Historical Investment Performance

	Three Months Ended		Fiscal Year Ended			
	December 31, 2015	December 31, 2014	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Investment Income	249,997,000	246,383,000	493,408,000	479,774,000	465,868,000	481,892,000
Realized Gain (Loss)	63,045,000	15,988,000	58,660,000	303,184,000	87,405,000	547,771,000
Unrealized Gain (Loss)	(206,318,000)	(14,859,000)	23,691,000	200,333,000	266,041,000	(546,428,000)
Total Invested Assets	14,276,508,000	13,722,672,000	14,003,302,000	13,422,957,000	12,550,887,000	11,908,149,000

Unrealized gain (loss) changes are impacted mostly by stock market results, and are commonly known as “paper” profit or losses which imply that they have not been “cashed in.”

Supplemental Information No. 1

Washington State Department of Labor & Industries

7-Year Reserve Benchmarks

Update: $1,076 million contingency reserve or just above 7.7% of total liabilities.

7-Year Interim Targets

Year	Contingency Reserve Target (range)	Pension Discount Rate (PDR) Target (range)	Contingency Reserve (CR) Yearly Goal (displays steady growth) dollars in millions
Fiscal Year Ended June 2015	*8.9%*	*6.4%*	*$1,225*
2014 Target	*5-7%*	*6.5 - 6.3%*	*$652 to $902*
2015 Target	*6-8%*	*6.3 – 6.2%*	*$797 to $1,032*
2016	7 - 9%	6.4 – 6.25%	$ 884 to $1,293
2017-2018	8 - 11%	6.0 – 5.75%	$ 1,029 to $1,583
2019-2020	10 - 13%	5.5 – 5.25%	$ 1,317 to $1,879
2021-2022	13 - 15%	5.0 – 4.5%	$ 1,753 to $2,198
		7-Year Contingency Reserve Goal	**$2,198**

When the WCAC developed the 10-year plan in Sept. 2012, the contingency reserve was at $590M and the PDR was at 6.5%

Each tenth of a percent the PDR drops, the CR could reduce between $30 to $50 million.

Washington State Department of
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CLOSING COMMENTS & ADJOURN

Vickie Kennedy, Assistant Director for Insurance Services

Joel Sacks, Agency Director