

SIIA ENDEAVORS: ON THE RECORD WITH SIIA PRESIDENT & CEO MIKE FERGUSON



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Self-Insurer Contributing Author Dave Kirby sat down with SIIA President & CEO Mike Ferguson for a wide-ranging interview to talk about how the association continues to evolve and play an increasingly important role in helping its members be successful in the self-insurance marketplace.

Dave Kirby: So, let's jump right in. Why do you think it so important for companies involved in the self-insurance marketplace to be SIIA members?

Mike Ferguson: I think SIIA is doing some very important work to promote the expansion of this marketplace, while fending off regulatory threats affecting our members in various ways. Of course, our ability to effectively execute this mission depends on a growing and active membership base.

SIIA members are always the first to learn about important industry developments and we consistently deliver important information and educational resources through a variety of formats including a monthly magazine, multiple educational conferences and various social media platforms.

I should also point out the networking value of SIIA membership. Our industry is really relationship-driven and most of the major players are highly active in our association. It's really hard to count the number of members who have told me they have been able to build highly successful businesses, thanks in large part due to the connections they have made through their SIIA involvement. I obviously love hearing these stories and they are great to share with potential members.

DK: We've seen numerous announcements over the last couple of years of companies upgrading to Diamond or Gold member status, can you talk a little about SIIA's approach relative to these membership categories and the factors that have contributed to the apparent growth?

MF: Unlike many other trade organizations that are relatively homogeneous in terms of size and business focus, SIIA is much more heterogeneous. We have smaller members with varying degrees of industry focus to companies with billion-dollar balance sheets that focus exclusively on the self-insurance marketplace. Because of this disparity, it does not make sense to have a single membership category, so we have created multiple membership categories with different dues rates and benefit packages. This has enabled companies to plug into SIIA at various entry points.

With regard to the increase in higher level membership, I think the bigger companies in our industry like what

SIIA has been doing and would like to see us continue to "scale," to put in growth company terms, so that we can further promote and protect their business interests.

DK: So, with this increased scale, what can we expect to see with regard to new initiatives and/or improved membership services going forward?

MF: We are actually hustling on several fronts. Live conferences are obviously a key membership service, so we have been working to improve the attendee experience by incorporating technology tools to encourage more interactive educational sessions, expanding food and beverage offerings and creating environments to facilitate more efficient networking.

And while most members will still rely on our live conferences for educational content, we are developing the capability to deliver this content in alternative formats and expect to have more details to announce in the next few months.

We are also investing resources to encourage the next generation of industry executives to get involved with the association through our SIIA Future Leaders Initiative. This appears to be working so far with a large number of SFLs who we expect to attend our conference in Austin.



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And of course, we continue to invest in our team of lobbyists and communications professionals necessary to help protect and promote the self-insurance marketplace.

DK: SIIA's Fusion initiative seems to be getting a lot of attention lately. What is this all about?

MF: SIIA's membership is comprised of individuals with diverse expertise and business contacts within the broad self-insurance marketplace. The Fusion initiative is intended to facilitate the sharing of information and business referrals among members involved with self-insured health plans, captive insurance and self-insured workers' compensation programs. Several members have been doing this very effectively on an individual basis, but we hope to greatly expand these types of interactions, which have the potential to be game-changers for many companies.

As the starting point, we have incorporated a dedicated Fusion educational track as part of the Austin conference, which features topics that we believe will be of interest to multiple membership constituencies. And these sessions have the added benefit of getting people in the same room who normally would not be, so we anticipate some organic networking will occur.

This initiative is still in the early development stage and we are optimistic that it will take form in a way that delivers real value to our members that they will not be able to get anywhere else.

DK: Obviously SIIA has a big focus on lobbying and advocacy so as we head into the fall, can you tell us about current legislative and regulatory developments on the radar screen of your team in DC?

MF: It's important for our members to know that SIIA continues to develop relationships with federal and state policymakers to educate them on self-insurance issues and keep them apprised of both challenges and opportunities. Over the course of this past year, more and more states have sought 1332 waiver from the US Department of Health and Human Services (HHS) to increase state funding to qualify for federal funds to boost individual exchanges. While a good exercise on its own, SIIA remains concerned about some approaches to increase state funding, including the imposition of taxes on stop-loss, TPAs or brokers. We view these as "rob Peter to pay Paul" exercises in which states are looking to tax portions of the industry that would see no benefit in order to pay specific market players. Earlier this year, the SIIA Government Relations Committee approved a formal position paper to help engage state and federal regulators on the issues related to these waiver applications. The arguments outlined in the position paper were helpful in SIIA joining with a broader coalition to halt a stop-loss excise tax in Oklahoma as part of their 1332 waiver process.

DK: What else should members know about important state developments and related SIIA responses?

MF: We are always monitoring state legislation and regulations and working to make the self-insured marketplace as flexible as possible to meet the needs of clients. This year, SIIA has filed numerous letters of support and comment letters with state legislators and regulators and has met with Maine regulators twice about the state's forthcoming small group stop-loss regulation. We have also been working with a stakeholder group in Nevada on the state's redrafted small group stop-loss regulations and plan to meet with the regulators once they schedule a stakeholder's workshop on the regulations.

In New York, SIIA lobbyists, along with several of our members, pressed for the permanent reopening of the 51-100 stop-loss market. We held a lobby day in Albany where our members met with about two dozen legislators and the staff from the Department of Financial Services. While we did not get everything that we wanted by the end of the session, legislation allowing grandfathered stop-loss policies to be renewed an additional five years is on the governor's desk. SIIA will meet with the governor's staff and ask them to have the governor sign the legislation.

SIIA also monitors the activities of the National Association of Insurance Commissioners (NAIC), engaging directly with various regulators and, when necessary, advocating or educating on behalf of the self-insurance industry. Maintaining a constant presence at events like these increases SIIA's

credibility when we do need to meet with individual state regulators. This is also a great opportunity to see captive regulators and support them if there are any pending matters at the NAIC.

DK: You have commented publicly on several occasions about how important it is for SIIA to become more a major player in terms of political contributions. Can you elaborate a bit on why this should be such a priority and any progress that has been made to move in this direction?

MF: I have actually been saying this for the past several years and this objective has continued to move up the list of association priorities. There are two primary reasons for this emphasis, with the one reason being fairly obvious for most members, with the second reason less obvious for those who are not creatures of the DC lobbying world.

The obvious reason, of course, is that it is much easier to make and keep friends on Capitol Hill if you provide financial support for their campaigns. This does not mean that if you contribute to a specific member of Congress that they are certain to vote a specific way, but it's certainly easier to get a meeting with the member and/or their senior staff to explain your issues.

Not so obvious to those outside the beltway is that when an organization establishes itself as a political financial player, it raises your "street cred," so to speak, with other important organizations

in town that we may need to partner with on various lobbying efforts.

In this regard, I am pleased to report that SIIA is now well positioned with some of the powerful associations in DC, including the U.S. Chamber of Commerce, National Association of Manufacturers, and at least one major labor organization.

Our progress has been somewhat slow but steady since we established the Self-Insurance Political Action Committee (SIPAC) about seven years ago as a vehicle for SIIA members to channel political contributions to key members of Congress. Things have accelerated this year. Thanks to this more dedicated focus, combined with increased staffing resources, you are now starting to see SIIA really establishing itself as a money player in DC. Obviously, we are not the biggest player by any means but it's solid progress that is sure to greatly assist our advocacy efforts.

DK: So how has SIPAC positioned itself, given that we are in a hot election year?

MF: The 2018 mid-term elections have obviously received a lot of attention, and rightfully so considering how they have the potential to change the federal policy landscape. SIIA, and SIPAC specifically, are always looking ahead. For this election cycle SIPAC has supported more candidates for federal office than ever before, and we couldn't do it without support from our members. This support allows us to further leverage our membership and offer support to candidates who understand and are helpful to our industry. It is also important to note that SIPAC supports both Democrat and Republican candidates to ensure that we are not viewed as a partisan organization.



DK: How do you view SIIA's role in the captive insurance space, as this membership constituency appears to be growing fairly rapidly?

MF: My view is that SIIA is playing a very unique and useful role in the captive insurance space by integrating its stakeholders into the much broader self-insurance world. This is important because mid-market employers are becoming increasingly sophisticated in how they manage risk, understanding that they can integrate multiple self-insurance strategies that may include the formation of a captive insurance company. SIIA brings this all together, giving captive insurance professionals more educational and networking resources.

And the captive policy front continues to be a busy one for SIIA. Earlier this year, SIIA was able to spearhead important legislative clarifications on look-through and specified holder provisions previously passed as part of the PATH Act. These changes, while legislatively small, will help our captive members better able to comply with the important changes in reporting made by Congress. In addition to these clarifications, the association continues to monitor the data collection related to IRS Notice 2016-66 and the burden it places on the good actors within the industry. Lastly, SIIA's Captive Committee has been busy this year developing a Captive Manager Code of Conduct that will be released soon. This has been several years in the making and many of our captive members have played an integral role. This is just part of larger SIIA activities to create better industry practices among not only our members but the industry in general.

For these reasons and others, I think SIIA will further enhance its reputation as the key organization for those involved in the captive insurance space.

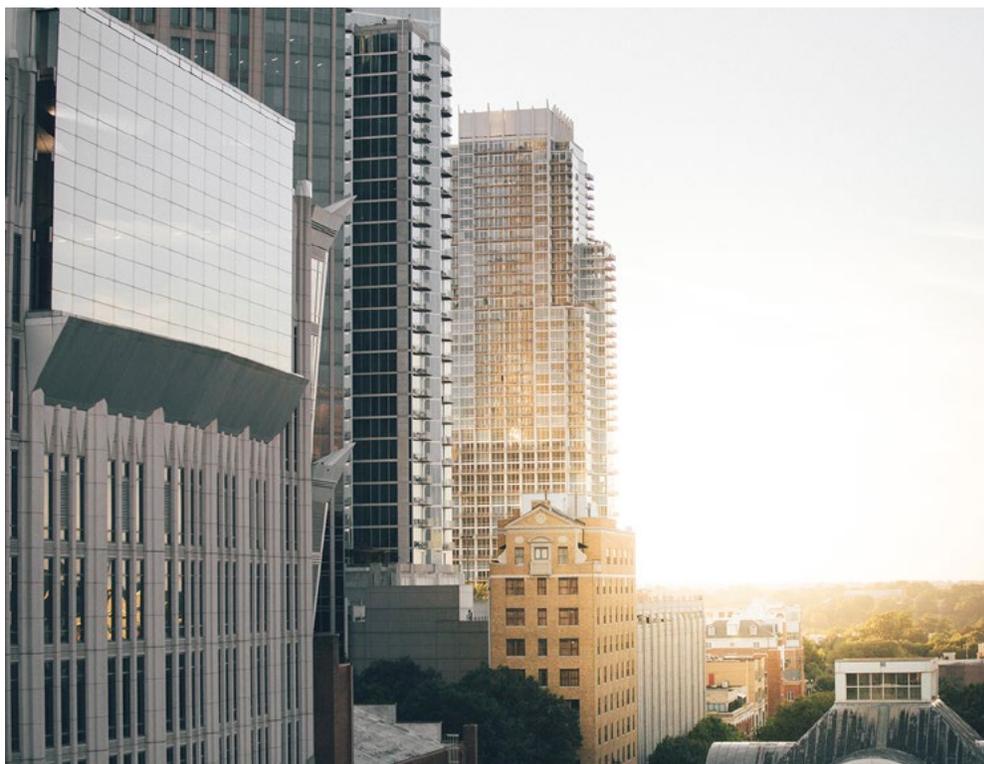
DK: SIIA has a distinct membership constituency comprised of companies involved with self-insured workers' compensation programs. Can you give us an idea of some association initiatives that appeal specifically to these members?

MF: Yes, we have a very active segment of members involved with self-insured worker's compensation programs, including group self-insured funds. In addition to

SIIA's Workers' Compensation Executive Forum, some key initiatives are the development of online educational content for group fund trustees, addressing expected regulatory staffing turnover in many states, and identifying issues where SIIA's lobbying and media relations team can provide value.

DK: With SIIA's 2018 conference calendar finishing up in Austin this month, what does the association's event schedule look like for 2019?

MF: It has shaped up nicely with something for all of our members, both in terms of content and location. Our 2019 conference season will start with the Self-Insured Health Plan Executive Forum, scheduled for March 18-20th in Charlotte, NC. The program format content will be completely new and fresh.



We'll be in Nashville, TN May 7-9th for the Self-Insured Workers' Compensation Executive Forum. This is a great event with content and networking opportunities valuable to those involved with both single employer workers' compensation programs as well as group self-insured workers' compensation funds.

Then to finish up the year, we'll be heading to the West Coast where the National Conference & Expo will be held at the Marriott Marquee in San Francisco, CA September 29-October 2nd. It's been more than a decade since SIIA has been in San Francisco and we look forward to returning there!

We are still scouting locations for our International Conference and hope to announce its location and date soon. I can say that it will continue with a Latin American focus.

DK: On that point, SIIA has held some high-profile International conferences in recent years, most recently in Costa Rica, Panama, Puerto Rico and Mexico. What's the strategy behind this regional focus?

MF: We recognize that the insurance industry, like make other industries, has become increasingly global in nature and an increasing number of our members have told us they are looking for new business opportunities outside the United States.

In this regard, SIIA believes it can play an important role of helping members identify these opportunities and facilitate the necessary business connections to take advantage of these opportunities. We have decided to continue to focus on Latin America due to the geographic proximity and the fact that there is an uptick in interest in self-insurance and/or captive insurance from multiple countries within this region.

DK: There certainly sounds like a lot of exciting things going on at SIIA. What advice would give industry executives who want to become more active in the organization?

MF: Well of course, become a member if you are not already. Showing up at association events is a big deal because SIIA is a very interactive and social organization and there is no substitute for being there. We also recruit members to serve on our various volunteer committees and participate in periodic grassroots lobbying campaigns, which are great involvement opportunities. I like to say we are happy to put our members to work, so be on the lookout for announcements.

For more information visit www.siiia.org. ■

