Weathering the Storm

AWC Member Pooling Programs: Delivering stability to city budgets in challenging times

Emily Schuh, AWC Director of Member Pooling Programs
August 13, 2026

1

AWC's Pooling Programs

Employee Benefit Trust

The Employee Benefit Trust is Washington's largest local government benefit pool for cities, towns, and other local governments. We provide quality, efficient, and cost-effective benefit and health promotion programs with the highest levels of service.

Risk Management Service Agency

RMSA is the full-service risk management choice for Washington's cities and towns. We are large enough to protect your assets, yet small enough to know your name. We strive to solve problems before they happen—and protect your future when they do.

Workers' Comp Retro Program

Workers' Comp Retro provides training and tools that empower employers to lower risks for on-the-job injuries. Our focus on injury prevention and safety reduces your overall workers' compensation costs and provides the opportunity for refunds.

Drug & Alcohol Consortium

The Drug & Alcohol Consortium helps members comply with the federal Department of Transportation's mandated drug and alcohol testing requirement for CDL (commercial driver's license) employees, transit drivers, and gas utility workers.

GIS Consortium

AWC's GIS Consortium gives members the resources and knowledge to leverage Geographic Information Systems to increase internal efficiency, support data transparency, and improve the delivery of services to residents.

2

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AWC ASSOCIATION OF WASHINGTON CITIES

3

More than coverage: Member Pooling Programs are an extension of your team

- Access to expertise when you need it
- Training that strengthens your organization
- Support before problems become costs
- Member-driven solutions

AWC ASSOCIATION OF WASHINGTON CITIES

4

Slide 3

SB1 [@Emily Schuh], I did a bit of light copy editing here in the interest of making definitions a bit more “plain talk.” I know this is an existing document, so feel free to discard this slide if you want to be true to the original.

Shauna Bittle, 2026-08-11T19:36:44.009

AWC Trust member services

- Claims assistance
- Eligibility issues
- Dependent verification assistance
- Benefit plan questions
- Benefit fairs
- Presentations – in-person or virtual/recorded
- COBRA administration
- Wellness programming consultation & trainings
- Retiree consultations

benefitinfo@awcnet.org or 1.800.562.8981

5

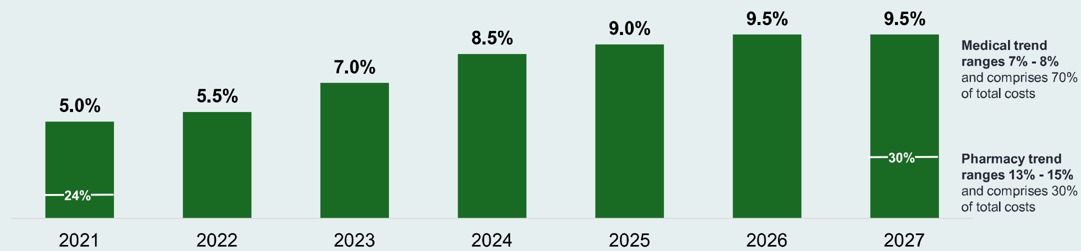
How the Trust sets rates

- Self-insured and member-governed
- Rates are designed to cover expected claims and operating costs, not generate profit
- Independent actuaries analyze claims experience, enrollment, utilization, and market trends
- Reserves help manage volatility and protect members from unexpected fluctuations
- Annual rate setting balances affordability, financial stability, and long-term sustainability
- Transparent communication helps members prepare and budget for future costs

6

U.S. Healthcare is currently in the highest trend environment in 20 years

Projected U.S. Healthcare Trend[1]



[1]Preliminary 2027 trend estimate provided December 2025 and will be refined summer 2026.

Source: Aon Trend Survey

Here & Intensifying ---------- **Cost Drivers** ---------- *Coming*

- **Inflation** Labor Cost, Service Intensity
- **GLP-1s;** Weight + Oral + New Indications (*initial signs show greater usage than anticipated, with sustained upward momentum expected Indications*)
- **Health Status** Chronic Conditions – Cancer, MH + Aging Population
- **Policy and Regulation** Medicaid and ACA Cuts, Tariffs, Unintended No Surprises Act Impacts
- **High-Cost Claims** NICU, Cancers
- **Market Consolidation** Health Systems, Payors, Private Equity
- **Specialty Rx**
- **High-Cost Therapies** Gene and Cell

Monitoring: Artificial Intelligence, Rx Regulation

Takeaway: This is the steepest healthcare cost environment in 20 years, not a one-year spike.

7

AWC Trust medical trends

AWC Trust Medical Trends 2023-2025

- Regence: 3.3%
- Kaiser: 4.2%

AWC Trust Pharmacy Trends 2023-2025

- Regence: 15.2%
- Kaiser: 4.8%

Takeaway: We are doing better than the national trend, but costs are still going up. So far, Trust members have absorbed almost none of the rising costs through higher deductibles or copays.

8

Trust trend and budget impact

Takeaway: A handful of very large claims—up 71% in three years—is what is pushing 2027 rates, not everyday utilization.

Regence/Asuris: paid $1.07 for every $1.00 collected in 2025 (107.3% expense loss ratio), after 104.6% in 2024.

- 2025: 96 claimants above $250,000, totaling $57,092,676
- 2024: 69 claimants above $250,000, totaling $36,428,243
- 2023: 56 claimants above $250,000, totaling $25,057,294

Kaiser: paid $1.03 for every $1.00 collected in 2025 (103% expense loss ratio), after 107.2% in 2024

- 2025: 15 claimants above $250,000, totaling $7,602,132
- 2024: 16 claimants above $250,000, totaling $8,252,809
- 2023: 11 claimants above $250,000, totaling $4,073,265

9

Cost containment strategies

- Dependent verification
- Pharmacy benefit manager implementation audit
- Vision RFP
- Medical/prescription claims audit
- Enhanced care management
- Various plan embedded programming (Hinge Health, Nurseline, MDLive, EAP, etc.)
- Wellness programming/WellCity

10

Trust benefit focus areas for 2026-2027

- Benefits & plan design
- Operational improvements
- Financial sustainability
- Access & member experience

11

2027 rates will be on our website mid-October!

Plan	Projection
Regence/Asuris (all plans)	11-14% increase
Kaiser (all plans)	10-13% increase
Delta Dental	2-4% increase
Willamette Dental	3-5% increase
Vision Service Plan	No increase
Navia Benefit Solutions	No increase
Standard Life/LTD	No increase
ComPsych EAP	No increase

12

The WellCity program by the numbers

127
WellCities

In 2026, 127 Trust-insured Washington cities, towns, and public entities earned WellCity recognition for best practices in workplace wellness programming.

6
Standards

The WellCity program is built on six standards: leadership, policy and environment, partnerships, program activities, engagement, and processes for assessing, evaluating, and reporting outcomes.

2%
Discounts

WellCity participants are rewarded with a 2% discount on health premiums for workplace wellness programs that have positive impacts on employee health and productivity.

13

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WellCity participants receive a 2% discount on health premiums as a reward for designing and maintaining workplace wellness programs that have positive impacts on employee health and productivity.

14

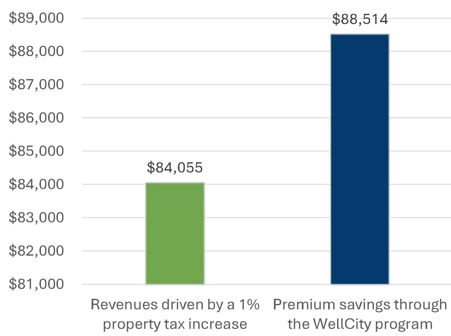
Slide 14

SB1 I made you two versions of this slide, but I’m not sure if rows or columns are better. I like the rows better visually, but think the bullets are easier to read in this layout. Please delete whichever version you don’t prefer.
Shauna Bittle, 2026-08-11T19:42:37.717

ES1 0 Thank you for updating these slides, better visual for sure!
Emily Schuh, 2026-08-12T17:21:12.032

WellCity impact: the City of Anacortes

In 2025, the City of Anacortes saved more through a 2% WellCity premium discount than it realized through a 1% property tax increase.



Takeaway: Wellness program participation can generate budgetary benefits that rival traditional revenue growth.

AWC EMPLOYEE BENEFIT TRUST

15

RMSA coverage

Comprehensive coverage – $250M property, $15M liability

Coverage limits			
General, automobile, and employment practices liability	$15,000,000	**Equipment breakdown**	$50,000,000
Property	$250,000,000	**Crime – Employee fidelity**	$1,000,000
Auto physical damage	$13,000,000	**Pollution**	$2,000,000
Flood	$25,000,000 property $5,000,000 vehicles $10,000,000 high zones	**Cyber liability**	$3,000,000
		Airport general liability	$2,000,000
Earthquake	$25,000,000 property $5,000,000 vehicles	**Drone liability/property**	$1,000,000 liability $25,000 physical damage aggregate

SECURITY | STABILITY | SERVICE

AWC RISK MANAGEMENT SERVICE AGENCY

16

Slide 15

ES1 [@Shauna Bittle] would you put this info into a chart to replace words?
Emily Schuh, 2026-08-12T17:22:50.539

SB1 0 yes
Shauna Bittle, 2026-08-12T17:34:40.570

RMSA resources

Takeaway: Dollars you can put to work now

- Our staff are experts – in risk and in municipalities
- Training scholarships
  - 1 free scholarship per AWC event
  - $2,000 annual training allowance
- Loss prevention grants
  - Eligible to apply for $10,000 annually toward a project that reduces risk in your community
- Onsite with members – we are AWC, and we meet you where you're at
  - Regional trainings, conferences, workshops, and networking events
- Tailored risk management check-up consultations – we want to know how we can help you

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17

RMSA historical rates

RMSA historical rate level decisions

Year	Increase
2021	5.0%
2022	5.5%
2023	15.0%
2024*	12.0%
2025	6.0%
2026	4.0%

* Rates for 2024 also included a cap on individual member contribution increases, which reduced the capital impact of the rate increase.

AWC's Risk Management Service Agency has maintained consistently competitive rate increases despite a hard market in recent years.

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18

RMSA rates drivers

- More frequent and severe weather events
- Catastrophic losses impacting the global insurance market
- Rising reinsurance and excess insurance costs
- Increased frequency and severity of large claims
- Washington's no-cap liability environment
- Nuclear verdicts and social inflation
- Expending liability exposures for local governments
- Escalating cyber and emerging risks
- Higher construction, labor, and replacement costs

RMSA reinsurance

Takeaway: No other Washington risk pool has access to NLC Mutual

National League of Cities Mutual Insurance Company (NLC MIC)

- RMSA is the only Washington risk pool affiliated with AWC, and therefore the only risk pool in the state with access to NLC MIC reinsurance coverage
- As a "pool of pools" for reinsurance, this means we pass along more competitive and more stable rates to members
- It also gives RMSA staff and governing body members access to the latest training and insight into public risk pool governance

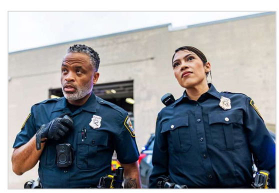
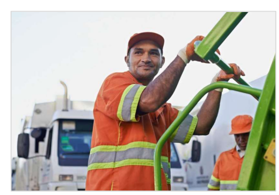
NLC MUTUAL INSURANCE COMPANY

Reserves and Fiscal Discipline

- Both the Trust and RMSA hold reserves set by board-adopted policy, not by whatever happens to be left at year end
- Independent actuaries set the target reserve range, and our boards made up of local government officials approve it
- Reserves exist so a bad claims year does not become a rate shock for your city
- Trust reserve position of $79.3M, reserves planning for a 1-in-200 year event with an upper limit target range at the funding level for a 1-in100 plus 1-in-20 year event
- RMSA reserve position of $19.5M, reserves planning for a 1-in-200 plus 1-in-50 year event
- Both pools are reviewed and regulated by Washington's Office of the State Risk Manager

21

AWC Retro Workers' Comp

Safety and compliance

- Safety program development guidance
- L&I incident and investigation review
- On-site safety inspections and safety program consultations
- Audiometric testing reimbursement

Claim management

- Proactive review of claims to identify cost drivers, gaps, and opportunities for early resolution
- Facilitation of L&I's Stay at Work member reimbursement
- Strategic guidance through protests, appeals, and mediation
- OSHA tracking for annual reporting

Every employee | Home safe | Every night

22

Retro value-added services

- RetroU training platform
- Safety Data Sheet access
- Occupational Safety & Health Consultations and training
- Stay at Work program management

Every employee | Home safe | Every night

23

Retro: L&I rates and what's ahead

- L&I premium rates are increasing which raises the base cost of workers' comp for every city
- Retro refunds are calculated as a percentage of the L&I premium you pay, so as premiums rise, the dollars at stake in the pool rise with them
- Strong safety performance and disciplined claims management are what turn that higher premium base into a larger refund rather than a larger expense
- We have added a third-party partner to augment our claims services, giving members deeper bench strength without adding city staff
- Work is underway now ahead of the coming freeze date to close out open claims, document return-to-work, and protect refund performance

Every employee
Home safe
Every night

24

What to take back to City Hall

- Budget for a 11-14% medical and a single digit RMSA increase following Board action in early fall
- The medical cost pressure is real and national, but our trend is running well below the market and reserves absorbed the last two years
- Your city or town has three levers of control:
  - WellCity for the 2% medical discount
  - RMSA's risk management resources
  - Safety and claims performance for your Retro refund
- Tell us what you need—coverage options, plan design, and program strategy are all set by boards made up of your peers

25

Questions?

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Emilys@awcnet.org

26

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27