

On the Record With SIIA President & CEO Mike Ferguson

Self-Insurer Contributing Author David 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.



SIIA President & CEO, Mike Ferguson

David 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 informational and educational resources through a variety of formats from 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: How has SIIA responded what has seemed to be a growing number of legislative/regulatory threats at the state level?

MF: We concluded a few years ago that legislative/regulatory threats coming from the state level would likely multiply and we were under-resourced to effectively respond. Our response has included the hiring of an in-house state government relations director and then retaining contract lobbyists in specific states where needed. We currently have four lobbyists on retainer in various states and it is quite possible that we may add additional lobbyists in 2018. And when all else fails, we are not shy about pursuing legal challenges in response to state laws affecting our industry.

DK: Let's pick up on your comment regarding legal challenges, as I believe SIIA concluded some important litigation earlier this year. Can you provide some details?

MF: The association had been fighting the state of Michigan in federal court over that state's Health Insurance Claims Assessment Act, which we believed should be preempted by the Employee Retirement Income Security Act (ERISA). Our view has been that this case has broad ramifications, particularly for multi-state self-insured employers, so SIIA took a leadership position once again in order to protect the self-insurance marketplace. Unfortunately, the U.S. Supreme Court declined to hear our case upon appeal so we were not able to prevail this time, but no other industry group was willing to take up the fight despite many such groups telling us they supported our efforts. It was a disappointing outcome, but we will continue to monitor ERISA preemption development and stay engaged where necessary.

In addition to this current ERISA preemption challenge where SIIA is the lead plaintiff, the association had also filed an amicus brief in a separate federal case concerning captive insurance arrangements. Our brief provided the court a more specific understanding of how and why captives are used, which has become increasingly important given heightened IRS scrutiny of these alternative risk transfer strategies.

While the court ruled against the captive insurance company last month, our policy arguments were not rebutted, so this brief may have served a useful purpose going forward.

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 prioritization, 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 union organization.

Our progress has been somewhat slow but steady since we established the Self-Insurance Political Action Committee (SIPAC) about six 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 and 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: We've been seeing updates about how successful SIIA has been in securing media placements highlighting the positive aspects of self-insurance and/or captive insurance. How has the association been able to move the needle on this?

MF: I can tell you this has been a very deliberate process, which started last year with SIIA retaining a top-notch public relations firm, specializing in media campaigns and issue advocacy to help us tell the self-insurance story. Since that time we have been working with this firm to craft specific messages that can be pitched to the media. These have included general informational pieces about self-insured health plans, as well as op-eds focused on specific legislative and regulatory developments at both the federal and state level that affect our marketplace,

More recently, we have proactively engaged our members to assist us with this media outreach effort by identifying employers who have had positive experience with self-insurance and/or captive insurance to serve as interview sources for potential stories and to identify interesting industry trends.

This collective work has resulted in media placements in several leading publications including *The Wall Street Journal*, *USA Today*, *Investors Business Daily*, *Philadelphia Inquirer*, *The New York Post*, *The Pittsburgh Post-Gazette* and *The New Jersey Star Ledger*. SIIA and self-insurance was also featured in multiple radio interviews over the past year. The collective readership reach just this year is estimated to be more than 75 million, so our story-telling efforts are having real results.

Going forward, we hope to advance the discussion in the media to highlight how most of the innovation in health care cost containment is coming from the self-insurance world. Separate pitches are also being developed to highlight how captive insurance is solving many critical risk management needs of mid-market companies.

DK: So the association has its big National Conference & Expo coming up soon in Phoenix. Are there any particular highlights you would like to preview?

MF: We think it's going to be a really great event. The program will feature two keynote speakers, nearly 40 breakout educational sessions and the industry's largest exhibit hall. We are back at the JW Marriott Desert Ridge Resort & Spa, which is a member favorite, and will conclude the conference with what promises to be an unforgettable party event.

DK: What does the SIIA conference schedule look like for 2018?

MF: It has shaped up nicely with something for all of our members, both in terms of content and location. Our 2018 conference season will start with the Self-Insured Health Plan Executive Forum, scheduled for March 5-7 at the Charleston Place Hotel. The


program format content will be completely new and fresh.

Keeping with a Latin America focus, the International Conference will move to Monterrey, Mexico April 17-19. This is a truly world class city that has direct flight service from many major U.S. airports. I was fortunate to visit Monterrey last month and know that our attendees will really enjoy this location.

We'll then be returning to the Charleston Place Hotel May 15-17 for the Self-Insured Workers' Compensation Executive Forum. This is a creative 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.

A second SIIA event will be held outside of the United States on June 5-7 in London, when we have scheduled the Transcontinental Self-Insurance Symposium. Given Brexit and other related developments in the UK and EU, we thought it would be very timely to convene thought leaders to discuss implications for the self-insurance marketplace on both sides of the Atlantic.

Then to finish up the year, we'll be returning to the J.W. Marriott in Austin, TX on September 23-26 for our National Educational Conference & Expo. This was a new location for us last year and we received very positive feedback from attendees so we look forward to getting back there for the world's largest self-insurance industry event.



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DK: I noticed that the Legislative/Regulatory Conference is not on the schedule for next year. What should members know about this decision?

MF: We made this decision because there was just not enough member support of this event. It's really too bad because it was a unique forum for our members to hear first hand from important policy-makers about the legislative/regulatory developments affecting our industry. In lieu of this conference, we are considering organizing a one-day "fly-in" event next spring where our members can visit with their elected representatives on Capitol Hill. Watch for an announcement in the coming months.

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: 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

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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: SIIA has held some high profile International conferences in recent years, most recently in Costa Rica, Panama and Puerto Rico. With Monterrey, Mexico now being added to the destination list, what’s the strategy behind this?

MF: We recognize that the insurance industry, like many 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: How do you view SIIA’s role in the captive insurance space and why 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 in that the organization is actively integrating industry stakeholders into the much broader self-insurance world. This is important because mid-market employers are becoming increasingly sophisticated in how they manage risk and understand that they can integrate multiple self-insurance strategies, which may include the formation of a captive insurance company. SIIA brings this all together, giving captive insurance professionals more educational and networking resources.

Complementing this integration strategy, SIIA also provides more specialized services for this growing membership constituency. Most notably, our team of lobbyists has been active in responding to ongoing federal regulatory threats related to enterprise risk captives. 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: Are there any new SIIA initiatives we can expect to see in 2018?

MF: There are at least two new initiatives that our leadership is focused on right now that may take shape next year. First, we are developing a strategy to encourage younger professionals to become more engaged with the association as we believe membership succession planning will become increasingly important over the next several years. The other initiative on the front burner is focused on identifying opportunities for self-insured payers to better collaborate with hospitals with regard to fee charges. We are having some

very preliminary discussions on this with our counterparts in the hospital industry and hope to be able report back to the membership in more detail in the first or second quarter of next year.

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. ■