

WASHINGTON COUNTIES INSURANCE FUND/POOL
BOARD MEETING MINUTES

Thursday, August 14, 2008
Doubletree
SeaTac, Washington

BOARD MEMBERS PRESENT:

Dean Burton, Garfield County Commissioner, WCIF Vice Chair
Neva Corkrum, Franklin County Commissioner
Mac McDowell, Island County Commissioner, WCIF Chair
Alan Crankovich, Kittitas County Commissioner
Richard Graham, Lewis County Commissioner
Jon Kaino, Pacific County Commissioner, WCIP Vice President
Belinda Price, Olympic Area Agency on Aging
Laura Merrill, Pend Oreille County Commissioner
Dave Carey, Walla Walla County Commissioner, WCIP President
Jerry Finch, Whitman County Commissioner
Paul Eichenberg, Spokane County Library District
Rich Park, Timberland Regional Library
George Trott, Wahkiakum County Commissioner

ABSENT:

Max Benitz, Benton County Commissioner
Kathleen Johnson, Cowlitz County Commissioner
Dwight Robanske, Columbia County Commissioner, WCIF Executive Chair
Sandy Ward, Thurston Behavioral Health Resources

OTHERS PRESENT:

Nadya DeGrande, Cowlitz County Alternate
Lisa Heinrich, Columbia County Alternate
Rosie Rumsey, Franklin County Alternate
Larry Larson, Island County Alternate
John Garner, Garner Consulting
Gerti Reagan Garner, Garner Consulting
Mike Shelton, WCIF Executive Director
Krista Whitaker, WCIF Director of Benefits & Sales
Kathi Rauch, WCIF Finance Director
Leanna Olive, WCIF Senior Account Executive

I. OPENING OF MEETING

Chair Mac McDowell opened the WCIF Board meeting at 8:00 am. Dave Carey opened the WCIP Board meeting immediately thereafter. Everyone present introduced themselves.

II. APPROVAL OF MINUTES

The WCIF Board of Trustees reviewed the draft minutes for the meeting held on May 20, 2008.

Motion made by Dean Burton and seconded by Laura Merrill that the WCIF minutes for May 20, 2008 be approved. Motion carried.

III. EXECUTIVE DIRECTOR REPORT

Mike Shelton introduced John Garner to present the WCIF/WCIP 2009 renewal.

IV. RECOMMENDATIONS FOR 2009 RENEWAL

WCIF PLAN CHANGES AND RATES

John Garner presented the WCIF renewal. National trend for medical plans are running at an 11%-12% increase without plan changes. WCIF plans are running well.

Group Health Options – Rate increase on all active plans is 4.35% with no WCIF plan changes. Group Health made a legislative change for chemical dependency allowance from \$14,000 to \$14,500 every 24 months. Retiree rates have an increase of 9.15%.

Washington Dental Service – No rate increase and no plan changes for active plans. The retiree plan has a 3.87% rate increase with no plan changes. John Garner recommended removing the option of offering a non-orthodontia plan. Offering the option creates confusion and only a few groups offer it.

Motion made by Jon Kaino and seconded by Nadya DeGrande to eliminate the non-orthodontia plans with exception to groups currently on the plan and the one new group the plan was sold to. Motion carried.

Willamette Dental – Rate increase of 8.01%. No WCIF changes. Willamette Dental has internal changes that apply to all plans as follows: Increase in copayment to \$30 for missed appointments/late cancellation, increase in copayment to \$30 for office visit with a specialist (this excludes orthodontia), increase copayment to \$50 for emergency office visits during business hours, and increase in copayment to \$70 for emergency office visit after business hours.

CIGNA Life – Basic Life and Voluntary Term Life received a combined rate decrease of 20% resulting in a reduction of about \$309,000. Garner suggested reducing the voluntary term life rates by 15%, with the balance of the savings used to reduce the basic life insurance rates by 27% to \$.08 per thousand dollars of insurance.

The Standard Life – proposing to replace the coverages currently insured by CIGNA. The differences between The Standard and CIGNA plans are minor. The Standard plan changes are superior to CIGNA's.

Mike Shelton explained that there have been unresolved customer service and claim issues with CIGNA. CIGNA is non-responsive and doesn't follow through on promises. Standard on the other hand was responsive and easier to do business with.

John Garner recommended that the WCIF move to The Standard life insurance plan entirely effective 01-01-09 and terminate the WCIF's current contract with CIGNA effective 01-01-2009. Mike Shelton agreed.

There was discussion of VTL roll over, administrative ease of implementation, beneficiary updates, open enrollment for guarantee issue.

Motion made by Alan Crankovich and seconded by Dean Burton to move to The Standard Life insurance effective 01-01-2009. Motion carried.

The Standard Long Term Disability (LTD) contract remains in effect through 2009 with no rate change.

The Standard proposed a Voluntary Short Term Disability (STD) plan to bridge the gap to Long Term Disability. John Garner recommended Plan C, which includes a 31 day waiting period, 60% up to \$1,000 a week to last to 90 days or 180 days until LTD is effective. The STD plan selected will be determined by which LTD plan the member has.

Motion made by Jon Kaino and seconded by Jerry Finch to offer Short Term Disability plan C on a voluntary basis effective 01-01-2009. Motion carried.

Magellan EAP services contract remains in effect to 2010 with no rate change.

Zenith Administrators increased their administrative fees by 3% for 2009.

Sterling/Aetna Part D Medicare supplement plan is working on rates and obtaining licenses in each State in which retirees live. More information will be distributed at the September Board Meeting. The intent is to move all non-LEOFF I over age 65 retirees to Sterling. A packet will be mailed out to all current and former retirees.

Motion made by Jerry Finch and seconded by Richard Graham to accept the 2009 proposed WCIF rates to be effective 01-01-2009. Motion carried.

WCIP PLAN CHANGES AND RATES

Gerti Reagan Garner presented components of a self-funded budget and the methodology used to set rates.

John Garner presented the renewal for the self-funded plans through the WCIP.

Vision Service Plan (VSP) – John Garner recommended no rate increase for 2009 and no plan changes. VSP provided options that include progressive lenses and laser vision services enhancements that would result in a rate increase for 2009.

Motion made by Mac McDowell and seconded by Richard Graham to leave the VSP the same with no changes and no rate increase effective 01-01-2009. Motion carried with one opposed, Rich Park.

WCIP Medical Plans – John Garner presented WCIP claims experience, trend, and reserves. Mike Shelton explained that in order to produce greater rate stability the Pool needs to grow. This growth creates another issue, that being the Pools ability to fund IBNR and excess reserves. Because of our marketing program we have the potential of signing eight new counties for the 2009 policy year which will increase reserve requirements for year end 2009. Our choice is to tell these counties they cannot join the Pool or find another way to fund the reserve requirements. Mike Shelton proposed transferring equity from the Fund to the Pool. Mike Shelton agrees to present operating profits and projections to the Board at the November 6, 2008 Board meeting.

Motion made by Jon Kaino and seconded by George Trott to authorize Mike Shelton as necessary to transfer equity from the WCIF to the WCIP to satisfy increases in the IBNR to support growth and other necessary expenses. Motion carried.

Asotin County is interested in coming back to the Trust Fund. Discussion of whether to allow the county back in the Trust Fund without paying money owed for the assessment when they left.

John Garner presented both moderate and aggressive assumptions as options for the 2009 WCIP renewal. Aggressive assumptions would increase rates 9.32%. Moderate assumptions would increase rates 19.86%.

Motion made by Jon Kaino and seconded by Laura Merrill to accept aggressive assumptions at a 9.32% rate increase effective 01-01-2009. Motion carried.

John Garner discussed minor changes to the Pool plans for ease of administration and reduces unnecessary claims costs. He recommended waiving the copayment on preventive care visits. Remove the requirement to obtain a prescription for massage therapy and to limit the number of visits to 12 per calendar year. Apply the out of pocket maximum on certain services that it does not currently apply to, all of which have their own limits anyway.

Motion made by Laura Merrill and seconded by Jon Kaino to approve plan changes effective 01-01-2009. Motion carried.

V. WCIF/WCIP FINANCIAL REPORTS

Mike Shelton and Kathi Rauch presented six month financial statements dated June 30, 2008 and discussed the major points with the Board for both the Fund and the Pool.

Mike Shelton explained that WCIF is combining some meetings for 2009 which will reduce costs. We are able to do this since the Account Executives are providing at least two face to face visits with each group.

Some counties owe money to the WCIP for LEOFF I claims paid by Zenith Administrators. Counties must reimburse the Pool in order to remove this receivable from our financial statement in the amount of \$1,459.62.

AUDIT

Mike Shelton informed the board that the State Auditor gave us a finding on the Fund/Pool investment policies because Raymond James is not an approved agency; therefore, the investments are not legal. We have until the end of 2008 to correct the issue so that we don't receive findings on next year's audit. We will work with Raymond James to liquidate the portfolio. If we stay with Raymond James we will need to reallocate funds. Raymond James will respond at the September 11, 2008 Board meeting.

Mike Shelton proposed that we amend the underwriting guidelines in compliance with what we do. Currently we do not segregate reserves. They are all invested in Raymond James.

Motion made by Jon Kaino and seconded by Rich Park to adopt amendments to the underwriting guidelines to be in line with current practice as presented. Motion carried.

VI. WELLNESS

Mike Shelton explained the importance of a good wellness program and presented the idea of combining wellness and disease management. We received two quotes for this type of plan. One from Matria and the other from Encompass. Matria combines wellness, nurseline, and disease management at a much lower fee than Encompass; however, Encompass also includes utilization management but does not include a nurseline. Currently communication between our wellness plan and disease management plan is poor. Mike Shelton proposed that we hire Matria based on the information provided to manage the wellness and disease management effective 01-01-2009. We would continue our contract with Qualis for utilization review and terminate our contract with WorldDoc and Nurtur effective 01-01-2009. The cost of the plan is more than what we currently pay. Mike Shelton is proposing that we use the life insurance reduction in rates to pay for Matria. We would offer the wellness portion of the plan to both Pool and Group Health Options members.

Motion made by Jon Kaino and seconded by Laura Merrill to adopt Matria as a new program for disease management and wellness effective 01-01-2009. Motion carried.

VII. WCIF PERSONNEL EXPENSES