

WASHINGTON COUNTIES INSURANCE FUND/POOL
BOARD MEETING MINUTES

Thursday, November 6, 2008
Red Lion
Richland, Washington

BOARD MEMBERS PRESENT:

Dean Burton, Garfield County Commissioner, WCIF Vice Chair
Mac McDowell, Island County Commissioner, WCIF Chair
Jon Kaino, Pacific County Commissioner, WCIP Vice President
Belinda Price, Olympic Area Agency on Aging
Laura Merrill, Pend Oreille County Commissioner
George Trott, Wahkiakum 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

ABSENT:

Max Benitz, Benton County Commissioner
Kathleen Johnson, Cowlitz County Commissioner
Dwight Robanske, Columbia County Commissioner, WCIF Executive Chair
Neva Corkrum, Franklin County Commissioner
Alan Crankovich, Kittitas County Commissioner
Richard Graham, Lewis County Commissioner
Sandy Ward, Thurston Behavioral Health Resources
Jerry Finch, Whitman County Commissioner

OTHERS PRESENT:

Nadya DeGrande, Cowlitz County Alternate
Rosie Rumsey, Franklin County Alternate
Larry Larson, Island County Alternate
Larry Grove, Lewis 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 8:30 a.m. 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 September 11, 2008.

Motion made by Jon Kaino and seconded by Jerry Finch that the WCIF minutes for September 11, 2008 be approved. Motion carried.

Motion made by Paul Eichenberg and seconded by Laura Merrill that the WCIP minutes for September 11, 2008 be approved. Motion carried.

III. GARNER CONSULTING REPORT

John Garner explained that our Pool claims trend is still looking good. He presented graphs comparing National medical trend and Washington State medical trend. Benchmarks show that plans are increasing copayments for specialty care and prescription drugs.

There was a discussion regarding possibly changing the names of the WCIP PPO medical plans. The names of the Pool plans may imply that the coverage is not as good as other plans, therefore, discouraging movement to a lower cost Pool plan.

IV. EXECUTIVE DIRECTOR REPORT

Mike Shelton discussed the tentative 2009 meeting schedule and locations. He asked for feedback regarding locations.

Although the Board approved the Sterling plan for over age 65 retirees in May, Sterling didn't submit the paperwork to the Office of Insurance Commissioner of Washington until October 6, 2008. This delay caused a number of issues in the implementation of the plan. There will only be one plan offered, Plan F, in 2009 and we will open the plan to retirees next year as well. Zenith will handle eligibility and premium processing.

Alere is administering the new Wellness Program and implementation has gone very well. There will be an incentive prize of \$125.00 for eligible participants. Members must participate and meet criteria in order to be eligible for the incentive prize.

WCIF will continue to issue Wellness Grants to eligible Employer Groups. The Groups must participate in the Alere program in order to be eligible for a Wellness Grant.

We sent an RFP for a new consultant to 7 firms and staff narrowed it down to 4, Gallagher Benefits Services, Inc., Kibble and Prentice, Mercer Consulting, and Garner Consulting. Staff and members of both boards interviewed the 4. Based upon the interview and the cost estimates, the interview committee unanimously recommended to the Board that they select Gallagher as our new consultant.

Motion made by Jerry Finch and seconded by Jon Kaino on behalf of both WCIF and WCIP to approve Gallagher Benefits Services, Inc. as the new Benefits Consultant with Mike Shelton having the authority to negotiate the length of service agreement and fees and then sign the contract. Motion carried.

V. INVESTMENT REPORT

Monies have been transferred to the LGIP. We still need to liquidate stocks before December 31, 2008.

VI. FINANCIAL REPORT

WCIF is doing very well. We are showing a profit through the first nine months in the amount of \$592,126.24.

WCIP is showing a loss in the amount of \$518,839.19. \$300,000 of the loss is due to funding of IBNR. Due to the growth we have experienced, which results in higher claims expense, we have to increase the IBNR substantially. The 2008 projections did not include prescription drug utilization, which has been taken into consideration in the preparation of the 2009 budget. Retiree's medical claims expense exceeds the premium revenue. We will eliminate approximately \$350,000 of claims expense by moving over age 65 retirees to Sterling, a fully insured plan. We've had a lot of growth so the IBNR has to be increased as the claims increase. The State Risk Manager requires the value of 8 weeks of claims be set aside in IBNR and an additional 8 weeks of claims to excess reserves.

VII. MARKETING REPORT

Mike Shelton announced that we picked up Stevens, Lincoln, Ferry Counties, and Spokane Housing Authority on our Pool plans. Stevens County is coming on with a 15% rate load. Seattle Fire Fighters joined the WCIF for life and dental. Klickitat County joined us for our Willamette Dental plan.

We marketed our plans to Grant County and until some difficult claims issues are resolved they will not be joining the Pool. Asotin County voted two to one to stay with PEBB. Klickitat got a great renewal from current carrier so they're not moving to us, Okanogan

County did not provide claims experience, and Skagit County declined to join. We expect further conversation with Skagit County in the coming year.

VIII. 2009 BUDGET

Pool: With projected growth of 15.3% the proposed budget indicates total revenues in excess of \$39 million. Mike explained that the budgeted amount for the claims expense was projected with the Pool growth percentage taken into consideration and then reduced to account for the removal of the claims for the over age 65 retirees. The proposed budget does include funding of IBNR consistent with the projected growth.

Fund: The Fund has projected an increase of 16.69 % in the 2009 revenue. The projections were conservative and include one new staff member and a 3% cost of living increase for existing staff.

Motion made by Jon Kaino and seconded by George Trott to approve the WCIF budget as submitted. Motion carried.

Motion made by George Trott and seconded by Rich Park to approve the WCIP budget as submitted. Motion carried.

IX. 990 REQUIREMENTS & ADOPTION OF POLICIES

Due to changes in the format of the Form 990 and the required disclosures, it is in the best interests of the Fund and the Pool to adopt the following policies:

- Conflicts of Interests and Disclosure of Certain Interests
- Whistleblower
- Record Retention

The Board reviewed the policies.

Motion made by Jon Kaino and seconded by Paul Eichenberg to adopt the three policies presented to the Board for the WCIP. Motion Carried.

X. AWARDS

Plaques were presented to Dave Carey for his service as the WCIP President and Mac McDowell for his service as the WCIF Chair.

Retirement Gifts were presented to Dave Carey, George Trott, and Richard Graham honoring their years of service. A gift will be sent to Neva Corkrum honoring her as well.

XI. NEW BUSINESS AND/OR ANNOUNCEMENTS

The next Board meeting will be March 12, 2009.

Joint WCIF & WCIP Boards
TRAC Center, Pasco

XII. ADJOURNMENT

The meeting adjourned at 12:50 a.m.

MINUTES APPROVED March 12, 2009 by WCIF and WCIP Boards


Dean Burton, WCIF Chair


Laura Merrill, WCIF Vice Chair


Jon Kaino, WCIP President

 03-12-09
Paul Eichenberg, WCIP Vice President