

WASHINGTON COUNTIES INSURANCE FUND/POOL
BOARD MEETING MINUTES

Thursday, July 9, 2009

TRAC

Pasco, Washington

BOARD MEMBERS PRESENT:

Brad Miller, Ferry County Commissioner
Dean Burton, Garfield County Commissioner, WCIF Chair
Helen Price Johnson, Island County Commissioner
Alan Crankovich, Kittitas County Commissioner
Bill Schulte, Lewis County Commissioner
Scott Hutsell, Lincoln County Commissioner
Jon Kaino, Pacific County Commissioner, WCIP President
Laura Merrill, Pend Oreille County Commissioner, WCIF Vice Chair
Lisa Marsyla, Wahkiakum County Commissioner
Sandy Ward, Behavioral Health Resources
Belinda Price, Olympic Area Agency on Aging
Paul Eichenberg, Spokane County Library District, WCIP Vice President
Rich Park, Timberland Regional Library

ABSENT:

Max Benitz, Benton County Commissioner
Dwight Robanske, Columbia County Commissioner
Kathleen Johnson, Cowlitz County Commissioner
Bob Koch, Franklin County Commissioner
Jim Richardson, Skamania County Commissioner
Malcolm Friedman, Stevens County Commissioner
Michael Largent, Whitman County Commissioner

OTHERS PRESENT:

Melina Wenner, Benton County Alternate
Lisa Benzel, Columbia County Alternate
Nadya DeGrande, Cowlitz County Alternate
Rosie Rumsey, Franklin County Alternate
Larry Larson, Island County Alternate
Larry Grove, Lewis County Alternate
Ted Hopkins, Lincoln County
Lynda Ring Erickson, Mason County Commissioner
Debi Van Camp, Skamania County Alternate
Merrill Ott, Stevens County Commissioner
Kelli Campbell, Whitman County Alternate
Nancy Kokenge, Gallagher Benefits Services, Inc.
Tamara Rogers, Gallagher Benefits Services, Inc.
Graham Thompson, Gallagher Benefits Services, Inc.
Mike Shelton, WCIF Executive Director
Krista Whitaker, WCIF Director of Benefits & Sales
Leanna Olive, WCIF Senior Account Executive
Eric Johnson, WSAC Executive Director

WCIF/WCIP Board Meeting Minutes

July 7, 2009

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I. OPENING OF MEETING

Chair Dean Burton opened the WCIF Board meeting at 8:10 a.m. President Jon Kaino opened the WCIP Board meeting immediately thereafter. Everyone present introduced themselves.

II. APPROVAL OF MINUTES

The WCIF Board of Trustees and WCIP Board of Directors reviewed the draft minutes for the meeting held on May 7, 2009.

Motion made by Laura Merrill and seconded by Scott Hutsell that the WCIF and WCIP minutes for May 7, 2009 be approved. Motion carried unanimously.

III. EXECUTIVE DIRECTOR REPORT

Mike Shelton summarized meeting objectives. He explained that we are in a difficult position in that we must make changes to our Plans in order to continue viability during a time that our groups' budgets are suffering. Mike encouraged the Board to adopt some of the recommendations that Gallagher was proposing to help stabilize the rates. He introduced Gallagher to present their recommendations.

IV. GALLAGHER RECOMMENDATIONS

Nancy Kokenge provided an overview of the survey conducted on our Participating Employer Groups. The survey asked a series of questions regarding administrative practices. 57 groups responded. This information was used in determining future recommendations.

Gallagher explained that some recommendations are already in place but need a clearer definition while others would be a new practice. Gallagher will be introducing a Master Application that each Employer Group will complete every year which will verify they have an understanding and will follow the administrative guidelines. This will ensure an understanding of participation requirements.

General Eligibility Recommendations

1. Employee must work an average of 20 hours per week to have coverage. If employees consistently work less than 20 hours, they are not eligible for coverage.
2. Minimize the number of probation periods for new hires:
 - a. If hired on the first of the month (or first working day of the month), coverage is effective that day. If hired on the 2nd – 31st, coverage is effective the first of the following month.
 - b. First of the month following the Employer probationary period of 30, 60, 90, or 180 days.
3. Replace the current Employer Benefit Choice form with a Renewal Master Application that every Employer Group must complete and sign every year. The eligibility parameters will be defined in the Master Application.

The Board concurred that numbers 1 and 2 of the eligibility recommendations are already in existence and number 3 is simply changing forms from the Employer Choice form to the Master Application; therefore, no motion is required for those items.

Segmentation Recommendations

1. Minimize medical plan offerings based on group size.
 - a. Under 50 employees: 1 plan
 - b. 50 – 150 employees: 2 plans
 - c. 150+ employees: all plans available
- Or
2. Surcharge premiums by 5% if more plans are desired.
3. WCIF/WCIP only carrier allowed other than HMO.

There was discussion on the number of plans that should be allowed for group size. Also, that if a group offers more than allowed the surcharge would apply to all the plans. The Board discussed bargaining groups within the employer group (county) and that they may have a different PPO plan other than WCIP. It was determined that when the WCIP PPO plans are being offered to a particular group of employees, no other PPO plan may be offered side by side to the same group of employees.

Motion made by Laura Merrill and seconded by Sandy Ward to adopt the Segmentation Recommendations as follows:

1. Minimize medical plan offerings based on Employer Group size for total eligible employees:
 - a. Under 50 eligible employees: up to 2 plan choices
 - b. 50 – 150 eligible employees: up to 3 plan choices
 - c. 150+ employees: all plans available
2. Surcharge premiums by 5% if more plans are desired.
3. WCIF/WCIP is the only carrier allowed other than local HMO carrier clarified by Employer Group.

Motion carried with one opposed, Paul Eichenberg.

Tier Structures Options Recommendations

Graham Thompson explained the advantages and disadvantages of the 2 and 6 tier rate structures and recommended going to a 4 tier structure to eliminate adverse selection. Currently the 6 tier is subsidizing the 2 tier and if the tier structure remains the same, it is recommended that each plan be rated individually.

Mike Shelton suggested we eliminate the 2 and 6 tier structures and offer the 4 tier and composite rate structures to all existing and new groups. If the Board decides to adopt this, we would ask Group Health to offer the same rate structure. If the current tier structures remain in place, the rate increase in 2010 for the 2 tier plans will be exceedingly high because historically the other tier structures have subsidized the 2 tier rates.

Motion made by Belinda Price and seconded by Rich Park to eliminate the 2 tier and 6 tier rate structures, adopt a 4 tier rate structure, and continue to offer the composite rate structure rated appropriately effective 01-01-2010, which will apply to all existing and new groups. Motion carried unanimously.

Participation Waivers Recommendations

Nancy explained that the participation requirements must be clearly defined on the annual Master Application. She recommended that we keep enrollment at 75% participation for all eligible employees as a goal to prevent adverse selection. She recommended that all waivers should require proof of other coverage and that no cash out incentives be allowed in lieu of coverage. Nancy also recommends that every eligible employee be covered under the Plan as an employee and not allowed to waive when both employee and spouse work for a Participating Group offering WCIP/WCIF plans.

Motion made by Laura Merrill and seconded by Paul Eichenberg on behalf of WCIP to adopt the Participation / Waivers Recommendations as follows:

1. Waiver of coverage only allowed by showing annual proof of other coverage.
2. No cash out incentives allowed to waive coverage.
3. All employees must be covered as employees.
4. Require annual Master Application to ensure employer groups understand and agree to guidelines.
5. 75% Participation of eligible employees is our goal

Motion carried with one opposed, Nadya DeGrande.

Motion made by Alan Crankovich and seconded by Brad Miller on behalf of WCIF to adopt the Participation / Waivers Recommendations as follows:

1. Waiver of coverage only allowed by showing annual proof of other coverage.
2. No cash out incentives allowed to waive coverage.
3. All employees must be covered as employees.
4. Require annual Renewal Application to ensure employer groups understand and agree to guidelines.
5. 75% Participation of eligible employees is our goal

Motion carried with one opposed, Rosie Rumsey.

Dependent Eligibility Audit Bids

Gallagher presented a bid to conduct an eligibility audit to ensure that the dependents that are enrolled in our Plans are truly eligible. National average shows that 11% of enrolled dependents are ineligible. The cost of providing the audit is \$16.50 - \$18.50 per dependent for an approximate total of \$78,000.

The Board discussed the aforementioned Plan changes along with requiring all eligible members to complete a signed Enrollment/Change form for 2010 with revised wording to include the eligibility requirements and fraud statements. With these changes in place for 2010 the Board believes we should be able to determine ineligible dependents and ensure they are removed from the Plan without incurring the expense of the audit at this time.

The Board requested Gallagher present a revised sample Enrollment/Change form to include the approved recommendations concerning participation and eligibility as well as fraud language and present it at the next Board meeting in August.

Stop Loss Carrier RFP

Gallagher submitted a Request for Proposal to 8 vendors for quotes to ensure the Pool is paying appropriate premium charges and the attachment point is where it should be.

Wellness

The Board requested that Gallagher provide an analysis of what the cost would be to provide a premium credit for groups participating in the wellness plan or a surcharge for those that are not and be prepared to make recommendations at the August Board meeting.

Motion made by Rich Park and seconded by Belinda Price for Gallagher to present recommendations on a premium credit that is specific to participation in the wellness plan. Motion carried unanimously.

V. NEW BUSINESS AND/OR ANNOUNCEMENTS

- i. The next regular scheduled Board meeting will be August 13, 2009.
- ii. Joint WCIF & WCIP Rate Setting Meeting
- iii. Doubletree Hotel at SeaTac from 9:00 a.m. to 3:00 pm

VI. ADJOURNMENT

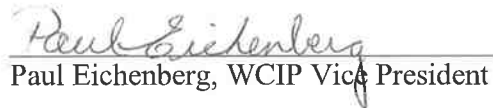
The meeting adjourned at 12:04 p.m.

MINUTES APPROVED August 13, 2009 by WCIF and WCIP Boards


Dean Burton, WCIF Chair


Laura Merrill, WCIF Vice Chair


Jon Kaino, WCIP President


Paul Eichenberg, WCIP Vice President