

WASHINGTON COUNTIES INSURANCE FUND/POOL
COMBINED BOARD MEETING MINUTES

Thursday November 8, 2007
Red Lion Hotel
Richland, Washington

BOARD MEMBERS PRESENT:

Max Benitz, Benton County Commissioner
Dwight Robanske, Columbia County Commissioner, WCIF Chair
Dean Burton, Garfield County Commissioner
Mac McDowell, Island County Commissioner, WCIF Vice Chair
Jon Kaino, Pacific County Commissioner
George Trott, Wahkiakum County Commissioner
Jerry Finch, Whitman County Commissioner
Belinda Price, Olympic Area Agency on Aging, WCIP President
Paul Eichenberg, Spokane Library District
Rich Park, Timberland Regional Library

Absent:

Kathleen Johnson, Cowlitz County Commissioner
Ken Oliver, Pend Oreille County Commissioner
Dave Carey, Walla Walla County Commissioner

OTHERS PRESENT:

Nadya DeGrande, Cowlitz County Alternate
Neva Corkrum, Franklin County Commissioner
Larry Larson, Island County Alternate
Lisa Young, Kittitas County
Larry Grove, Pacific County Alternate
Laura Merrill, Pend Oreille County Commissioner
Gregg Loney, Walla Walla County Commissioner
Greg Tomkins, Walla Walla County Commissioner
Mike Shelton, WCIF Executive Director
Krista Whitaker, WCIF Director of Benefits & Sales
Kathi Rauch, WCIF Finance & Administrative Director
John Garner, Garner Consulting
Cotton Sears, Raymond James

I. OPENING OF MEETING, INTRODUCTIONS & WELCOME

Chair Dwight Robanske opened the WCIF Board meeting at 9:00 am and
President Belinda Price opened the WCIP Board meeting immediately thereafter.
Everyone present introduced themselves.

II. APPROVAL OF MINUTES (September 14, 2007 WCIP/WCIF MINUTES)

WCIF/WCIP minutes not approved at this time.

Corrections to be made and minutes will be reviewed at the March board meeting.

III. ELECTION OF 2008 OFFICERS

Mike Shelton explained that Mac McDowell would become WCIF Chair and the board would need to elect a Vice Chair.

Max Benitz nominated Dean Burton for Vice Chair. Nominations were closed and Dean Burton was elected by unanimous ballot as WCIF Vice Chair.
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Jon Kaino and Dean Burton were nominated to be WCIP Pool Board members.

Ballots were passed out to existing Pool Board members.

IV. REPORT FROM GARNER CONSULTING

John Garner explained three graphs which described the Pool's claim experience from July 06 through September 07. The three graphs illustrated medical claims per employee per month, prescription drug claims per employee per month, and the total medical and drug claims. The graphs indicated that the slope of the trend lines is quite moderate.

V. EXECUTIVE DIRECTOR REPORT

Mike explained that Walla Walla County submitted written request to have the 6 month intent to withdraw notification waived to allow them to switch to AETNA effective January 1, 2008. He explained that they intended to keep their dental, vision and life coverage with WCIF. Walla Walla County Commissioners Gregg Loney and Greg Tompkins explained that in doing their due diligence for Walla Walla County they were presented medical plans through AETNA that has better coverage at a lower yearly premium. Dean Burton pointed out that the interlocal agreement is in place for a reason and that we do not want to set a precedent by waiving the requirements. He also questioned why there was not a letter of intent to withdraw submitted by the June 30 deadline. Gregg explained that it was a mistake on their part and it was their understanding that a verbal notification was made to Mark Fukuhara in a timely manner. Neva Corkrum asked if Walla Walla County had any assurance that the rates that were quoted by AETNA would not increase the following year.

Motion made by Mac McDowell and seconded by Paul Eichenberg to decline the request to allow Walla Walla to leave without giving proper notice of intent to withdraw. Motion carried.

Mike asked the board if there would be any opposition to him serving on the WSAC FSC Board.

Motion made by Dean Burton and seconded that there is no opposition to Mike serving on the WSAC FSC Board as Mike Shelton and not as any representation of WCIF. Motion carried.

Mike explained that the WCIF office space is not adequate to support the growth that we expect for WCIF/WCIP. He also explained that currently there is limited storage space and that an offsite storage unit is being rented to store WCIF property. He went on to explain that the WCRP/WCIF joint conference room is being utilized as office space for Cherie Sablan and Kathi Rauch. His recommendation was to sell our current office space and explore the possibility of purchasing the third floor of a new building being built in the same development. There was discussion of purchasing the WCRP side of the building or WCRP purchasing our side of the building. The decision was to look into all options and report back to the board with costs and viable options after discussion with WCRP.

Mike welcomed discussion from the board members who attended the AGRIP conference. Rich Park reported that he learned valuable information on the health care industry. George Trott reported that pools are doing well nationwide and there is a large focus on wellness and prevention. Mike recommends that WCIF become members of AGRIP and in doing so AGRP would credit WCIF \$940 on the past conference after we pay the \$1294.69 in annual dues.

Motion made by Mac McDowell and seconded by Jerry Finch for WCIF to become an AGRP member. Motion carried.

Mike explained that according to the state auditor WCIF may be required to implement GASB 43. The state auditor suggests that the board request a 2 year audit for 2006 and 2007 to give us more time to determine if we are indeed subject to GASB 43. There was discussion on the impact of a 2 year audit. Mike also suggested that Kathi receive GASB training to become more knowledgeable on GASB compliance for WCIF.

Motion made by Mac McDowell and seconded by George Trott to combine the WCIF 2006 and 2007 audit. Motion carried.

Mike asked for a policy to be put into place to allow experience rating of new groups joining WCIP if warranted. He explained that we have counties that are

looking to join WCIP, but may have had a bad year of experience. He suggested that if the experience is bad that they be brought in at an increased rate to be directly related to claims experience determined through the underwriting process. The groups with inflated rates would be audited each year and once their experience is running in line with the overall pool then the rate would be brought down to the true pool rates. Once they are at the true pool rates, then they would receive the standard yearly increases with the rest of the pool members. There was discussion on experience rating.

Motion made by Mac McDowell and seconded by Rich Park to accept the policy to allow experience rating of new groups. Motion carried.

Mike explained the WCIF organization chart. There was no discussion.

The agreement with the brokers has been that the 2% WCIP admin fee has been passed on to the brokers as a commission. The broker then can load commission if desired. Mike announced that for new groups effective January 1, 2008 and thereafter, the brokers will not be receiving the WCIF/WCIP administration fee and will need to load commission appropriately with disclosure to their client. A letter has been sent to all of the brokers working with WCIF/WCIP explaining the change in procedure.

VII. INVESTMENT REPORT

Cotton James went over the prepared investment report. He reported that he expects to see a 6% return on the Pool investments. He explained that stocks are doing very well. He explained that there have been positive changes for our investments since coming to Raymond James. We now have professional money managers that are keeping our investments in compliance with what is allowed in our portfolio.

Mike recommended that we get out of the equity market. Cotton reported that we currently have 7% in equity funds. After discussion the decision was made to keep the 7% in equity funds.

Cotton suggested that Mike go to Florida to tour the corporate headquarters of Raymond James at their expense. Jerry Finch suggested that Kathi Rauch also go if Raymond James could cover her expenses as well.

Motion made by Dean Burton and seconded by Jerry Finch to allow Mike Shelton and Kathi Rauch to the corporate headquarters in Florida at the expense of Raymond James. Motion carried.

IX. FINANCIAL REPORTS

Kathi Rauch provided financial statements and budget performance reports for both the Fund & Pool for the current fiscal year through 9/30/07.

Mike explained that Mark Fukuhara instituted a 2% load on Group Health rates to fund the bundling of LTD and EAP. He also explained that there is a 3% load to WDS rates which has been named as reserves. We will be renaming appropriate reserve funds to administration funds.

Ballots were collected and Jon Kaino won by majority vote to be a WCIP board member for 2008.

Jon Kaino was nominated for WCIP vice president. It was moved by Jerry Finch and seconded by George Trott to close nominations and cast a unanimous ballot for Jon Kaino. Motion carried unanimously.

IX. MARKETING REPORT

Krista Whitaker reported the new groups with effective dates of:
November 1 – Yakima Regional Library;
December 1 – Columbia County Hospital District, Yakima Housing Authority;
January 1, 2008 – Franklin County is adding medical, Pierce County Health District, International Community Services;
January 1, 2008 (Possible enrollment) – Interfaith Community Health Services, Okanogan Douglas Hospital District, North Valley Hospital.

Mike reported that our marketing efforts will be focused on counties that currently do not have our benefits and also counties that currently have WCIF benefits, but not medical.

X. WCIF AND WCIP BUDGETS

Mike reported that there is an outstanding issue with CIGNA in regard to commission checks that have not been issued to WCIF from CIGNA as they have in the past. Mike will follow-up with an email to the board on the outcome.

There was discussion on possibly having an annual claims audit. John Garner recommended that a claims audit be performed at least bi-annually.

There was discussion on a need for a new staff vehicle. The board approved the purchase of a compact SUV in the 2008 budget year.

Motion made by Dean Burton and seconded by Jon Kaino to approve the WCIF budget with minor changes. Motion carried.

Motion made by Dwight Robanske and seconded by George Trott to approve the WCIP budget. Motion carried.

XII. ADJOURNMENT

The meeting was adjourned at 1:45 pm.

MINUTES APPROVED March 20, 2008 by WCIF and WCIP Boards

Dwight Robanske, WCIF Chair

Mac McDowell, WCIF Vice Chair

Belinda Price, WCIP President

Dave Carey, WCIP Vice President