

March 18, 2004

**WASHINGTON COUNTIES INSURANCE FUND  
BOARD OF TRUSTEES MEETING**

**MINUTES**

Thursday, March 18, 2004  
Red Lion Yakima Gateway  
Yakima, Washington

**THOSE PRESENT:**

Max Benitz, Benton County Commissioner (Executive Chair)  
Dwight Robanske, Columbia County Commissioner  
Mac McDowell, Island County Commissioner (Chair Counsel)  
Dean Burton, Garfield County Commissioner  
Max Golladay, Kittitas County Commissioner  
Richard Graham, Lewis County Commissioner (Chair)  
Pat Hamilton, Pacific County Commissioner  
George Trott, Wahkiakum County Commissioner  
Dave Carey, Walla Walla County Commissioner  
Jerry Finch, Whitman County Commissioner (Vice Chair)  
Dick Toft, Island county HR Director  
Cathy Southwick, Pacific County  
Larry Grove, Lewis County  
Jena Thrasher, Timberland Regional Library  
Art Wuerth, Timberland Regional Library  
Aaron Pollock, Benefits Consultant Marsh USA  
Kitty Wallace, WCIF Executive Director  
Rita Fanning, WCIF Deputy Director

**OPENING OF MEETING:** Commissioner Richard Graham opened the meeting at 9:45 am and welcomed all board members. Kitty Wallace then presented an award to Max Benitz in appreciation for his service as chair of the WCIF board.

**APPROVAL OF MINUTES of October 1, 2003.** Motion was made by Max Golladay and seconded by Jerry Finch to approve the minutes of October 1, 2003. Motion carried.

**FINANCIAL REPORT.** Rita Fanning reviewed the Statement of Reserve and Earnings pointing out that revenues were up for the 2003 year while interest income was down. She pointed out that WCIF reserves are growing and now stand at \$3,658,842. That balance remains after the one million transfer to the Washington Counties Insurance Pool.

The DADCO Investment Group reported recently that WCIF is doing as well as can be expected within the conservative investment policy established by the board.

Rita advised that the regular audit by Washington State Auditor's office is scheduled for April.

**EXPERIENCE REPORTS.** Aaron Pollock referred to the one page experience report for all plans as prepared by Marsh USA staff. The pool did very well in 2003 and was right on target.

The Group Health Options plans do not have a mechanism for dealing with large claims similar to the stop loss coverage that the WCIP carries through Safeco. In other words, one or two individuals with high claims can overstate the needed premium for the next year, and that is what has happened with the rates for 2004. We continue to work with them to find a way of stabilizing the rate fluctuations that WCIF has experienced. Group Health has agreed to work on the problem, however, we are paying more for coverage in 2004 than we should be. It looks as if the Group Health renewal for 2005 could be good and should be.

The Washington Dental Service (WDS) plans' experience is not good and rates continue to increase. One of the problems is that the composite rates were set too low and are being selected against. We have not been able to identify any particular type of dental service that might be driving the rates. It appears to be high utilization in all categories.

Dick Toft remarked that people are jumping to Willamette Dental to have major work done and then they jump back to Washington Dental Service. He wondered why the WDS premiums continue to escalate.

Larry Grove remarked that Willamette Dental tries to avoid major restorative work. Several Lewis County employees have not been able to get their crowns done by Willamette and had to return to WDS to get the restorative procedures performed. That could explain the escalating WDS costs.

## REPORTS

**WCIP ASSESSMENT PROCESS.** Kitty Wallace briefly reported on the status of members who have withdrawn from the self insured pool in the past three years. She assured the WCIF board that the WCIP Board is making every effort to recover deficit amounts from employers who have withdrawn.

**POOL BOARD VACANCY.** Kitty explained that a vacancy occurred on the pool board in October 2003 when Richard Graham was named chair to the WCIF Board of Trustees. The pool board vacancy calls for a Western Washington Commissioner and must be filled by appointment of the WCIF Board of Trustees. George Trott of Wahkiakum County is interested in the position and has been attending pool meetings for the past several months.

Motion was made by Pat Hamilton and seconded by Dean Burton that George Trott be named to the pool board for the remainder of Rich Graham's term (through 2004).

**WELLNESS GRANTS.** Kitty announced the Wellness Grant counties for 2004 and explained why Walla Walla County received a larger amount than others. That is because their Wellness Committee has proposed a very ambitious program and appears to have the dedication to see it through.

**STAFFING ISSUES.** Benefit Manager Terri Luther has left the WCIF for a sales position and Kitty has made the decision not to put anyone into the Benefit Manager slot. She has moved Krista Whitaker (Benefit Specialist I) laterally into Terri's position. Ultimately, she would like to move Krista into a Benefit Specialist II position.

Krista is not yet fully trained to take over Open Enrollment and Benefit Fair duties. Kitty will accompany her this Fall and provide training as she did with Terri Luther. At this point, there is no staff member to do marketing.

Kitty would like to turn to the trust/pool consultant for assistance with marketing and that can best be accomplished through an RFP process. Mac McDowell remarked that reduced enrollment and subsequent reduced revenue should result in reduced work for staff and it may be that hiring consultants to do marketing will only serve to increase costs again. Kitty responded that we do not have enough information about the cost of consulting services to make a decision.

Kitty intends to continue with five staff members but has had to replace the entry level/receptionist person. The position is being expanded to accommodate for reduced staff and will require an employee with better skills and more experience.

Max Golladay remarked that the Request for Proposal for consulting and marketing services needs to break out the cost of marketing. Also, the Scope of Duties should be very specific.

Dean Burton suggested that no elaborate pay plan be presented in June. He recommended that Krista's pay be increased somewhat now with final adjustments made in July. Mac McDowell concurred that she should receive an increase now. Various recommendations were discussed, however, Max Benitz reminded the board that the Executive Director was hired to make such judgement calls in connection with staff promotions and salaries.

Kitty advised that step raises were approved by the board in 2003 and will take effect July 1, 2004. She will increase Krista's pay slightly now and then promote her to a Benefit Specialist II position in July. Details of that position will be provided at the June 2004 board meeting in Tacoma.

Dave Carey asked if the Benefit Manager position is being eliminated and Kitty replied that it is not.

Motion was made by Max Benitz and seconded by Pat Hamilton that the WCIF move forward with seeking Requests for Proposal from consulting firms to provide benefit services to include marketing. Motion carried.

Mac McDowell requested that the marketing portion of the RFP be broken out from regular services so that the board can make an informed decision about replacing Terri Luther or not.

#### 2005 RENEWAL – A LOOK FORWARD:

**MEDICARE PRESCRIPTION DRUG COVERAGE IN 2006.** Kitty explained that there is very little information about the new Medicare RX program being rolled out in 2006. Both the WCIF and the WCIP will look at offering retiree medical plans/Medicare Supplements that will fit with the new law. Dave Carey remarked that he is very disappointed in the new program so far and is having great difficulty receiving information about how it will work.

**RETIREE DENTAL PLANS.** Kitty Wallace outlined the frequent requests for dental coverage that are received from county retirees. She pointed out the plans and rates as proposed by Washington Dental Service and Willamette Dental.

Motion was made by Mac McDowell and seconded by George Trott to offer a retiree dental plan effective July 1, 2004. Motion carried.

**DOMESTIC PARTNERS COVERAGE.** Jena Thrasher of Timberland Regional Library reported that she is under pressure again by her unions to provide domestic partners coverage. She asked the WCIF Board of Trustees to consider extending coverage for domestic partners for the 2005 Renewal. She reminded the board that coverage was approved by the WCIF Insurance Advisory Committee several years ago, but that decision was disregarded. Her unions keep pushing, not because there are so many domestic partners in the library population, but because it is a matter of "equality." Jena stated that she is fighting library management to stay in the pool.

Rich Graham reviewed a list of counties, cities, insurance companies, and organizations like the State of Washington which already offer the coverage. He remarked that there are very few places that do not offer the coverage at this time. He also asked the board members to approach the issue as a business decision to prevent further loss in enrollment. He reported that the issue was introduced at the WCIP board meeting earlier in the day and the motion to provide domestic partners coverage passed.

Dwight Robanske wants more information about how domestic partners coverage is defined and administered. He needs time to discuss the issues with his fellow commissioners. Kitty explained how the State of Washington administers their program by using time limits and signed affidavits of committed relationships.

Jerry Finch asked for similar information, particularly sample affidavits, to discuss with his fellow commissioners.

Richard Graham reminded the board that the motion would not require any county to offer the coverage. It would make it available for those employers who are under pressure to provide the benefit.

Dean Burton reminded the board members that they should have been talking to their fellow commissioners about this issue several times in the past five years. "We have to put this thing on the table and vote for it or against it but I don't want to come back in thirty days and start the debate all over again," he said.

Mac McDowell stated that this board must be concerned about long term viability and we are losing membership over an issue that is out there whether we like it or not.

David Carey was surprised that the issue was not put on the agenda, and would have appreciated being forewarned that it was to be discussed. "What we do here does affect individual counties. I have always been opposed to this, and I still am" he stated.

Pat Hamilton was very frustrated and is opposed to offering the coverage. She stated that the trust will lose counties if coverage for domestic partners is approved.

Max Benitz stated that what has taken place at this morning's meetings is not right. "This topic should have been on the agenda instead of sneaking it in. Why don't we shoot straight around here? We added items to the pool board agenda this morning and it was approved with no mention of this issue. That is not right."

Kitty responded that it was not her intent to sneak anything into the agenda. "I felt it was appropriate to ask Jena Thrasher to introduce her concerns under New Business and/or Renewal 2005 topics. This issue will not go away. It keeps coming back over and over because of what is happening in the marketplace and in the world. We don't need to introduce it. It is in our faces on a daily basis, and it should not be a surprise to anyone."

Motion was made by Mac McDowell and seconded by Dean Burton that the WCIF offer domestic partners coverage in 2005 with details of coverage to be worked out later this year. Motion was defeated.

**MEETING CALENDAR.** Kitty pointed out that the November meeting in 2004 will be on the 18<sup>th</sup>. She also remarked that the next board meeting will be in June during the WSAC Summer Conference.

Motion was made by Dave Carey and seconded by Dean Burton to approve the 2004 calendar as presented. Motion carried.

Dean Burton asked that Kitty compose a letter of appreciation to Terri Luther from both boards. Richard Graham and Dean Burton will sign the letter.

Motion was made by Dave Carey and seconded by Dean Burton to adjourn the meeting. Motion carried.

**ADJOURNMENT.** Meeting was adjourned at 11:00 am.

**MINUTES APPROVED (Date)**

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Richard Graham, Chair

Jerry Finch, Vice Chair

**FUTURE MEETINGS IN 2004:**

Tuesday, June 22, 2004 – WSAC Summer Convention/Tacoma (Time to be determined..)

Thursday, September 16, 2003 – 2005 Renewal Meeting/Radisson Hotel at SeaTac

8:00 TO 9:30 – WCIP Board

9:30 to Noon – Insurance Advisory Committee

12:30 to 2:00 – WCIF Board

Thursday, November 18, 2004 – 9:00 am to Noon - Red Lion at Columbia Center/Kennewick