

January 22, 2004

**WASHINGTON COUNTIES INSURANCE POOL
BOARD OF DIRECTORS**

MINUTES

Thursday, January 22, 2004
Wyndham Gardens
SeaTac, Washington

THOSE PRESENT:

Max Benitz, Benton County Commissioner
David Sparks, Benton County Alternate
Dean Burton, Garfield County Commissioner (President)
Bea Price, Grays Harbor Olympic Area Agency on Aging
Mac McDowell, Island County Commissioner
Richard Graham, Lewis County Commissioner
Larry Grove, Lewis County Alternate
Paul Eichenberg, Spokane County Library
Jena Thrasher, Timberland Regional Library
Dave Carey, Walla Walla County Commissioner
George Trott, Wahkiakum County Commissioner
Aaron Pollock, Benefits Consultant Marsh USA
Kitty Wallace, WCIF Executive Director
Rita Fanning, WCIF Projects and Operations Manager
Terri Luther, Benefit Manager, WCIF

OPENING OF MEETING: Dean Burton, President of the Board of Directors, opened the meeting at 9.55 am and welcomed all attendees.

MINUTES OF September August 18, 2003

Motion was made by Max Benitz and seconded by Dave Carey to approve minutes as presented. Motion carried.

FINANCIAL REPORT – Rita Fanning presented the pool tracking report to date. She also reviewed the financial statement for 3rd Quarter 2003 pointing out the Total Equity amount. She advised the board that 4th Quarter 2003 Financial Statement will be available after the annual audit is completed by the Washington State Auditor's Office.

Rita reminded the board that financial statements will be mailed to the entire pool membership upon completion of the audit.

David Sparks requested that Rita produce the financial reports in comparison with the previous year. She agreed to follow that format in the future.

WITHDRAWAL AND ASSESSMENT UPDATE: Kitty Wallace reported that only one of the employers withdrawing as of 12/31/03 appears to be in a deficit position. That member is the Public Development Authority of Grays Harbor County with \$187,000 owing as of 12/31/03. Kitty advised that their interim assessment letter will go out near the end of January. Final letters will be mailed after June 30, 2004.

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Motion was made by Max Benitz and seconded by Rich Graham that the board move into Executive Session for a discussion of assessments against withdrawing members.
Motion carried.

PLAN ENROLLMENT FOR 2004. Kitty Wallace reported that approximately 140 employees have enrolled in the new AfFOURdable Plan for 2004. Total enrollees in WCIP as of mid January is just over 1500. That is down from the 2003 census by about 389 employees. Aaron Pollock remarked that 1500 is a very viable group for self insurance in today's market. Many smaller groups are pursuing self insurance because of the inflated administration fees being imposed by the major insurance carriers. Most insurance carriers do their own stop loss or reinsurance, and that has been a major profit area for them. Stop loss coverage was a major source of savings when WCIF moved away from Regence Blue Shield.

Aaron went on to say that the board should not be concerned at this point about declining enrollment in the pool. He acknowledged that the Washington State Public Employees Benefit Board has taken some of the WCIP counties, but members need to be aware that PEBB has many restrictions. There are numerous guidelines which must be followed and the state may impose restrictions without notice to other-than-state-jurisdictions. Counties and cities who join the PEBB have no control over decisions made. They have zero voice.

Aaron encouraged the WCIP to market aggressively in 2004. He also suggested that a "glitzy" marketing brochure be developed that would have more appeal than what is presently being used. The board agreed it would be a good investment.

Mac McDowell remarked that the Group Health Options rates are very high and he had expected more enrollment in the pool plans in 2004. His hope is that the pool will become even more competitive with Group Health. David Sparks commented that most of the employees in Benton County who use their medical benefits frequently are enrolled in Group Health, not the pool.

STOP LOSS AND RESERVE REPORT. Aaron distributed a page from his 2004 Renewal Report dated August 22, 2003. He reviewed the reserve goals outlined there:

- 1) IBNR should be fully funded at \$2.6 million. It is now at \$2.6 million.
- 2) Build WCIP's risk fund (contingency reserve) to be independent of WCIF reserves. Estimated goal - \$3,600,000. Reserve presently around \$1.2 million
- 3) Long Term contingency reserve goal (six months of premium). Approximately \$8.5 million.

STOP LOSS CARRIER. Aaron advised the board that the decision to choose Safeco Insurance as the stop loss carrier was an excellent one. The high risk subscriber whose claims exceeded \$500,000 in the first year of the pool will return to the pool plans in 2004. That subscriber had been enrolled with Group Health Options during 2002 and 2003 but has nearly exhausted that carrier's lifetime maximum. Safeco is aware of this costly individual, but they will not "laser" out the risk (which means to set a higher individual stop loss limit for just one person.) Aaron also advised that Safeco's premium remains competitively priced and well below what the WCIF was paying for stop loss insurance to Regency.

IBNR LIABILITY RESERVE. Aaron reported that the IBNR (Incurred But Not Reported) claims liability reserve is satisfied through 2004. It is presently funded at \$2.6 million. Even with reduced enrollment in the pool plans, Aaron recommended that the present IBNR reserve limit be maintained to accommodate new groups coming into the pool. In addition, any monies held in excess of the IBNR requirement could go to the contingency (emergency) reserve.

CONTINGENCY RESERVE. Aaron commented that the contingency reserve continues to build. (Please see 9/30/03 Balance Sheet – Total Equity - \$1,451,893.87).

Max Benitz remarked that the stop loss increase for 2005 needs to be looked at very closely as the board sets rates in August 2004. His concern is that the board does not see the stop loss renewal until after rates are set in August. Aaron assured him that an estimate of premium will be available in August.

Jena Thrasher asked Aaron if the individual stop loss limit needs to be increased in order to reduce Safeco stop loss premium. Aaron advised that the board may decide to accept more risk in 2005 (higher than \$110,000 per person), depending on how claims come in during 2003.

BOARD TERM SELECTION AND ELECTION REPORT. Kitty Wallace reviewed the Board Terms Expiration report and pointed out two vacancies. One vacancy occurred when Richard Graham was elected Chair of the WCIF in October of 2003. Richard now fills one of two automatic positions on the pool board, leaving his former position open for a Western Washington Commissioner. Kitty introduced George Trott of Wahkiakum County who is interested in serving and hopes to be appointed by the WCIF Board at its next meeting in March 2004.

She also reported a vacancy from among the non-county jurisdictions. Grace Uwadiale of Behavioral Health Resources (BHR) in Thurston County is no longer employed. BHR has suggested their Human Resources Director, Sandy Ward, serve in Grace's place. Sandy must be elected by the entire membership of the WCIP Insurance Advisory Committee.

Sandy was not able to attend the January meeting and Kitty agreed to contact him and confirm whether he is interested in serving on the pool board.

BOARD ELECTIONS. Kitty asked for the board's confirmation that the Vice President position should succeed the President's position on the board.

Motion was made by Rich Graham and seconded by Dave Carey that the Vice Presidency should proceed automatically to the Presidency of the pool board. Motion carried, making Commissioner Dean Burton WCIP president for 2004.

Motion was made by Rich Graham and seconded by Max Benitz that Dave Carey be elected Vice President of the pool board in 2004. Motion carried.

MARKETING THE WCIP IN 2004.

It was agreed that marketing the WCIP in 2004 is critical, but staff cannot do it alone. Max Benitz remarked that the board members, particularly county commissioners, need to assist WCIF staff in marketing the pool. He added that staff needs to do followup calls when a marketing mailing has been sent out.

RETIREE PLANS/NEW MEDICARE LEGISLATION

Kitty reported that the new Medicare is very confusing as far as prescription drug coverage is concerned. She will attempt to provide a comprehensive explanation at the March meeting. She also remarked that the legislation will without a doubt lead to changes in the WCIF/WCIP retiree plans.

COVERAGE BOOKLETS AND OTHER PRINTING EXPENSE

Kitty reported that a draft coverage book for the new Affordable plan is nearing completion and will be available shortly. An insert outlining HIPAA changes and Out of Pocket Expense changes will be used for the Standard, Value and Budget PPO Plans until the present inventory of booklets is depleted.

Jena Thrasher suggested that the booklets be published on the WCIF website and Kitty agreed to take care of it right away.

Larry Grove suggested that the name of the New Standard PPO be changed to Standard PPO when new booklets are printed. The other board members concurred

Meeting was adjourned at 12:20 pm.

FUTURE MEETINGS in 2004:

Thursday, March 18, 2004 – Red Lion Yakima Gateway

8:00 to 9:30 am – WCIP Board of Directors

9:30 to 12:30 pm – Insurance Advisory Committee
(Full Membership WCIF/WCIP)

12:30 to 2:30 pm WCIF Board of Trustees

Thursday, August 19, 2004 – Wyndham Gardens at SeaTac

9:00 – 3:00 pm - 2005 Rate Setting Meeting

Thursday, September 16, 2004 – Radisson Hotel at SeaTac

8:00 - 9:30 am - WCIP Board of Directors

9:30 to 12:30 pm - Insurance Advisory Committee 2005 Renewal Meeting
(Full Membership WCIF/WCIP)

Respectfully Submitted:

**Kathleen “Kitty” Wallace
WCIF/WCIP Executive Director**

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