

August 19, 2004

**WASHINGTON COUNTIES INSURANCE POOL
BOARD OF DIRECTORS**

MINUTES

Thursday, August 19, 2004
The Prime Hotel (Formerly Wyndham Gardens)
SeaTac, Washington

THOSE PRESENT:

Commissioner Dean Burton, Garfield County
Commissioner Mac McDowell, Island County
Commissioner Richard Graham, Lewis County
Commissioner George Trott, Wahkiakum County
Commissioner Dave Carey, Walla Walla County
Paul Eichenberg, Spokane County Library District
Art Wuerth, Timberland Regional Library Alternate
Bea Price, Olympic Area Agency on Aging
Sandy Ward, Behavioral Health Resources
Aaron Pollock, Vice President Marsh USA
Cherie Hendrix, Marsh USA Account Manager
Kitty Wallace, WCIF/WCIP Executive Director
Rita Fanning, WCIF/WCIP Deputy Director

OPENING OF MEETING: Dean Burton, President of the WCIP Board of Directors, opened the meeting at 9:05 am and welcomed all attendees.

MINUTES OF March 18, 2004

Motion was made by Dave Carey and seconded by Paul Eichenberg to approve minutes as presented. Motion carried.

REVIEW OF 2004 ISSUES. Executive Director Kitty Wallace announced that the consulting services search was completed in June. The selection committee (composed of Mac McDowell, Dean Burton, Jena Thrasher and Larry Grove) agreed that Aaron Pollock of Marsh USA should continue as consultant, and their recommendation was approved by the WCIF Board of Trustees on June 22, 2004.

Kitty announced that WCIF has hired a contracted part time marketing person. He is a newly retired benefit consultant with many years of experience. Frank Campbell will be introduced to the membership at the September Renewal Meeting.

Aaron Pollock advised that he and his staff are now developing new communications and marketing materials to be available in early 2005. Aaron asked for ideas and suggestions from the pool board members.

EXECUTIVE DIRECTOR RETIREMENT. Kitty Wallace announced her intent to retire on May 31, 2005. A replacement for her position will be overseen by the WCIF Board of Trustees.

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She commented on the importance of the relationship with the Washington State Association of Counties (WSAC). She has been working with WSAC to expand the relationship in ways that are beneficial to both organizations. The ultimate goal is to increase membership and enrollment by increasing WCIF/WCIP visibility and credibility among the counties and other political jurisdictions.

FINANCIAL REPORTS. Rita distributed the 2003 SAO audit just completed. The audit for compliance and financial controls was clean and had no findings.

FINANCIAL STATEMENT. She then presented the 2nd Quarter 2004 Financial Statement and indicated that the IBNR liability reserve remains at \$2.6 million. The current premium and expense tracking report indicates a balance of nearly \$1.6 million.

LARGE CLAIMS REPORT. A three year large claims report was provided by overhead exhibit. Rita remarked that the largest claim is for a subscriber who is now deceased. Dean Burton requested that staff find a way to point out to subscribers/employees the dollars that are spent on large claims. The exhibit could be published in the "For Your Benefit" newsletter as well as distributed during benefit fairs.

Kitty was concerned about HIPAA violations, and Aaron recommended using total numbers and percentages only. Bea Price expressed concern that employees who are ill and use benefits more than others might feel threatened by such reports. Paul Eichenberg suggested using pie charts to show the percentage of large claims. Mac McDowell remarked that such a report would show to employees the importance of having health insurance.

WITHDRAWING EMPLOYERS. Kitty reported five employers have submitted notices of intent to withdraw from the pool effective December 31, 2004. They are Benton County, Columbia County, Timberland Regional Library, Yakima Clean Air Authority, and King County Country Doctor Community Clinics. The total potential loss for the pool alone would be 323 employees. That does not take into consideration WCIF's loss of enrollment, premium and administration fee income from Group Health subscribers leaving.

Kitty has been advised that Benton County will definitely move its 162 pool subscribers to a Teamsters plan. The King Country Doctor Community Clinic is forced to leave by King County Ordinance #14823 which mandates they must have domestic partners coverage for benefits. The other employers have advised that their letters were intended to advise the pool board of their intent to shop around and look at other options. They have requested the right to rescind their notices of withdrawal.

Mac McDowell reminded the group that the Teamsters Trust does not accept existing retirees and wondered what Benton County plans to do. Kitty replied that the county may just drop its retirees because the recent retiree legislation which required counties to offer a retiree plan has been revoked. Aaron replied that dropping retirees may not be a legal issue for counties, but it certainly is a labor issue.

Dean Burton expressed great concern about the declining enrollment numbers and suggested that the WCIP board write a letter to the WCIF board asking them to consider again adding domestic partners coverage. Dave Carey questioned whether adding the coverage would stop the problem. Mac McDowell recalled that previous votes on the issue have not been on the agenda and came as a surprise to board members. It was agreed that the pool board wait until 2005 to address a letter to the WCIF board in regard to domestic partners coverage.

LEGAL UPDATE WITHDRAWN MEMBERS AND STATUS OF ASSESSMENTS

Kitty reported on overhead the following assessment now owing:

WITHDRAW DATE	EMPLOYER	AMOUNT
3/31/02	Snohomish Health District -	\$573,501.67 (Includes interest and legal fees)
12/31/02	Asotin County	\$137,744.69
12/31/03	Grays Harbor PDA	\$206,593.70

Kitty announced that a Motion for Summary Judgment was filed against Snohomish Health District on June 17, 2004 and hearing date is set for October 1, 2004. The hope is that the presiding judge will rule in favor of WCIP, and the pool can move towards collecting the amount owing.

WCIP legal counsel has suggested that Asotin County not be pursued further for collection until the Snohomish Health case is resolved.

Kitty reported that Grays Harbor Public Development Authority has now received its final assessment letter asking for payment in excess of \$200,000.

SUIT AGAINST WCIP. Kitty explained that a suit has been filed against Zenith Administrators and Washington Counties Insurance Pool on behalf of a pool subscriber who was badly injured in an auto accident and whose medical claims were being held up from payment. The suit questions the pool's subrogation policies which pursue a responsible third party for recovery of medical bills paid by the pool. Kitty assured the board that all claims have been released for payment, and efforts towards a reasonable resolution continue.

2005 ELECTIONS TO POOL BOARD.

Kitty reminded the board that several board positions will expire as of December 31, 2004. Jena Thrasher's replacement will be elected by the Insurance Advisory Committee in September. Dean Burton, Dave Carey, and George Trott agreed to continue for the commissioner positions which will be appointed by the WCIF board in September. Rich Graham will continue in an automatic position, and Jerry Finch of Whitman County will assume one position as chair of WCIF in 2005.

2005 RENEWAL

Aaron Pollock reviewed the 2004 Renewal and then presented his 2005 Renewal Summary with projected increases for stop loss, Zenith administration fees, and First Choice Health Network. While a 30% increase in stop loss premium is expected, Aaron stated that he does not recommend changing stop loss carriers. It is risky to do so, and Symetra (formerly Safeco Insurance) is an excellent carrier.

Adding a 3% underwriting margin, and using a 16% trend factor, Aaron recommended an overall increase of 10.91% for 2005. He proposed two plan changes for the New Standard PPO:

- 1) Drop the "New" from the name of the plan.
- 2) Decrease the New-Standard PPO office visit copay to \$15 to allow for more differentiation from the other plans. All other pool plans will continue with a \$20 OV copay.

Motion was made by Mac McDowell and seconded by Paul Eichenberg to drop the New Standard PPO office visit copay to \$15 and to increase the rates on all plans by 9% across the board. Motion carried.

Motion was made by Richard Graham and seconded by Dave Carey to accept the Notices of Intent to Withdraw which were discussed earlier in the meeting. Motion carried.

NEXT MEETING. There was no discussion of a next pool board meeting, but it is expected to take place in January of 2005. All pool board members should plan, however, to attend the Insurance Advisory Committee meeting on September 16, 2004 at the Radisson Hotel at SeaTac in order to participate in the vote to elect a representative to Jena Thrasher's position which will be expiring.

ADJOURN. Meeting was adjourned at 11:45 a.m.

Respectfully Submitted:

Kathleen "Kitty" Wallace
WCIF/WCIP Executive Director

FUTURE MEETINGS IN 2004:

ALL DAY/ALL MEMBERSHIP MEETING – THURSDAY, SEPTEMBER 16, 2004
Radisson Hotel at SeaTac
17001 International Boulevard
WCIP BOARD - None
Insurance Advisory Committee 9:30 to Noon, followed by lunch
WCIF Board of Trustees/12:30 to 2:00 pm