

WASHINGTON COUNTIES INSURANCE FUND/POOL  
BOARD MEETING MINUTES  
Thursday, August 9, 2012  
Cedarbrook Center  
SeaTac, WA

BOARD MEMBERS PRESENT:

Brad Miller, Ferry County Commissioner  
Dean Burton, Garfield County Commissioner  
Helen Price-Johnson, Island County Commissioner, WCIF Vice Chair  
Alan Crankovich, Kittitas County Commissioner, Executive WCIF Chair  
Bill Schulte, Lewis County Commissioner, WCIP President  
Lisa Ayers, Pacific County Commissioner  
Laura Merrill, Pend Oreille County Commissioner  
Lisa Marsyla, Wahkiakum County Commissioner, WCIF Chair  
Jim Johnson, Walla Walla County Commissioner  
Marilyn Neumiller, North Central Regional Library  
Will Rietzel, Housing Authority of Kittitas County  
Greg Knight, Rural Resources Community Action  
Paul Eichenberg, Spokane County Library District  
Randy Rollins, Spokane Housing Authority  
Rich Park, Timberland Regional Library, WCIP Vice President

ABSENT:

Dwight Robanske, Columbia County Commissioner  
Mike Karnofski, Cowlitz County Commissioner  
Shon Small, Benton County Commissioner  
Malcolm Friedman, Stevens County Commissioner,

OTHERS PRESENT:

Melina Wenner, Benton County Alternate  
Lexi Wingfield, Benton County  
Nadya DeGrande, Cowlitz County Alternate  
Melanie Bacon, Island County Alternate  
Larry Grove, Lewis County Alternate  
Rachel Patrick, Pacific County Alternate  
Tamara Rogers, Gallagher Benefits Services, Inc.  
Mark Hruska, Premera Blue Cross  
Danielle Smith, Group Health Cooperative  
Jon Kaino, WCIF Executive Director  
Kathi Rauch, WCIF Finance Director  
Krista Whitaker, WCIF Director of Benefits & Sales  
Leanna Olive, WCIF Senior Account Executive

I. OPENING OF MEETING

Chair Lisa Marsyla opened the WCIF (Washington Counties Insurance Fund) Board meeting at 8:13 a.m. President Bill Schulte opened the WCIP (Washington Counties Insurance Pool) Board meeting immediately thereafter. Everyone present introduced themselves.

II. APPROVAL OF MINUTES

The WCIF Board of Trustees reviewed the draft minutes for the meeting held on June 7, 2012.

Motion made by Laura Merrill and seconded by Dean Burton that the WCIF minutes for June 7, 2012 be approved. Motion carried unanimously.

The WCIP Board of Directors reviewed the draft minutes for the meeting held on June 7, 2012.

Motion made by Rich Park and seconded by Will Rietzel that the WCIP minutes for June 7, 2012 be approved. Motion carried unanimously.

The WCIF Board of Trustees reviewed the draft minutes for the meeting held on June 29, 2012.

Motion made by Alan Crankovich and seconded by Paul Eichenberg that the WCIF minutes for June 29, 2012 be approved. Motion carried unanimously.

The WCIP Board of Directors reviewed the draft minutes for the meeting held on June 29, 2012.

Motion made by Greg Knight and seconded by Alan Crankovich that the WCIP minutes for June 29, 2012 be approved. Motion carried unanimously.

### III. WCIF/WCIP 2013 RENEWAL & RATES

Mark Hruska presented the 2013 Premera Renewal. WCIF renewal came in at a 9.0% increase on the WCIF 200, 500, and 750 plans, which is below National trend of over 12%. Groups who qualify for a wellness premium rate reduction will have a renewal rate increase of 5.0%. The High Deductible Health Plan (HDHP) plan has a 4.0% rate increase and a 0.0% increase for groups who qualify for a wellness premium rate reduction.

Premera is implementing a Specialty Pharmacy Program to help manage the high cost of specialty medications. They have also implemented a Point of Service plan for prescription drugs in order to increase efficient usage of medications. Premera recommended increasing the deductible on the HDHP from \$1,250 to \$1,500 to come into compliance with requirements for 2014. They also recommended offering a PPO HDHP with a \$3,000 annual deductible.

Tamara Rogers presented the Group Health renewal with an average rate increase of 6.4%. Groups who qualify for a wellness premium rate reduction will have an average renewal rate increase of 2.4%.

Gallagher recommended that we implement an Inpatient Hospital copayment of \$100 per day to a maximum of \$500 per admission on the Options A plan. They also recommended offering a new Qualified HDHP with a \$1,500 annual deductible.

Gallagher recommended that we allow groups to offer one additional HDHP plan in addition to the number of PPO medical plans currently allowed.

Tamara Rogers and Krista Whitaker presented the Live Well at WCIF wellness program. They explained that groups who meet the 40% participation requirement will receive an average of 4% discount on the 2013 rates. There was extensive discussion on whether it should be based on the employer group as a whole or on individual subgroups. The medical carriers confirmed that the average of the 4% premium rate reduction was based on the group in its entirety.

Motion made by Dean Burton and seconded by Jim Johnson to apply the 40% participation requirement on the employer group as a whole rather than subgroups. Motion carried unanimously.

Tamara presented the remainder of the 2013 WCIF renewal as follows:

- Washington Dental Service had no rate change and no proposed plan changes. Currently the administration fee is 2%. Jon Kaino recommended a 1% increase in the administration fee with no impact on rates.
- Willamette Dental offered a 10% premium rate reduction with no proposed plan changes. Currently the administration fee is 2%. Jon Kaino recommended a 1% increase in the administration fee with no impact on rates.

- Vision Service Plan had no rate change and no proposed plan changes.
- Magellan Employee Assistance Program had no rate change and no proposed plan changes.
- The Standard had no rate change on Group Basic Life, Voluntary Term Life, Voluntary Accidental Death and Dismemberment, Long Term Disability, and Short Term Disability and no proposed plan changes.
- The Standard recommended a dependent premium rate reduction from \$0.65 to a composite rate of \$0.40 charged to every eligible employee. This would be an employer paid benefit and employers would have the choice to offer this coverage. If the employer declines coverage, employees will not have the option to pay for coverage and dependents would not have the \$1,000 benefit.
- Benefit Solutions Consumer Driven Health Plans had no rate change. Due to federal legislation the Flexible Spending Arrangement annual maximum has been capped at \$2,500.

Tamara presented the retiree 2013 renewal as follows:

- Premera Blue Cross 750 Plan with a rate increase of 9% with Premera's proposed prescription drug plan changes as aforementioned.
- Group Health Select 750 plan with a rate increase of 11.5% with no plan changes.
- Monumental Life Medicare Supplement plan had a 2.9% rate reduction with a slight adjustment to the RX plan. Monumental Life is also adding a new plan option with a \$500 deductible.
- Washington Dental Service had a 6.5% rate reduction with no plan changes.
- Vision Service Plan had no rate change and no plan changes.

Motion made by Dean Burton and seconded by Laura Merrill to approve the 2013 WCIF renewal as presented with the following recommendations:

- Increase Premera HDHP deductible from \$1,250 to \$1,500
- Add Premera \$3,000 PPO HDHP
- Add the Specialty Pharmacy Program and Point of Service Edits to all Premera plans
- Permit groups to offer one additional HDHP in addition to the number of medical plans currently allowed under Premera
- Add a Qualified \$1,500 HDHP to Group Health
- Add Hospital Inpatient Copayment of \$100 per day up to a maximum of \$500 per admission for Group Health Options A plan
- Reduce dependent basic life rate to a \$0.40 composite rate, 100% employer paid for groups electing coverage
- Decrease the annual maximum of Flexible Spending Arrangements to \$2,500 based on federal requirements
- Increase the administration fee on the dental plans from 2% to 3%
- Add a new plan option to the over age 65 retiree Medicare Supplement plans and adopt the new prescription drug copayments for both plans

Motion carried unanimously.

#### IV. EXECUTIVE DIRECTOR REPORT

##### Vision Service Plan Self-Insured Transition

Jon Kaino explained that the board directed the staff to move the self-insured vision plan to a fully-insured plan at the June 29<sup>th</sup> board meeting. This is currently underway and it appears as though the transition will be completed by the end of September 2012. There will be a 12-month run out period from the date of termination.

##### Healthcare Reform Update

Jon Kaino presented the update and explained that WCIF is working with Melanie Curtice, Attorney at Law, for guidance and to designate WCIF as a bonified association. We are not subject to ERISA so our status is determined by the state. It is expected that Washington will have Exchanges in place by 2014. The requirements for the Exchanges have not yet been determined. Jon discussed the requirements for 2013. Tamara Rogers will send the WCIF an Employer's Guide to Healthcare Reform for distribution.

## V. FINANCIAL REPORTS

### Fund

Jon Kaino presented the WCIF Financial Statements. The Fund continues to perform well. There was an increase in the LGIP account due to the Washington Dental Service (WDS) reserve that was refunded to the WCIF. The total equity in the Fund is increasing. Currently we are still on target with our budget despite the increased cost in the Vivacity wellness program, additional attorney fees, and employing two Executive Directors for the month of June. We may see increased costs for Vivacity and attorney fees as the year progresses.

The board discussed the WDS reserve account and whether or not we can expect large refunds moving forward. Jon explained that we received a large refund from WDS because they were able to retain a higher percentage of premium received when they adjusted their provider reimbursements back in 2011. We do not anticipate this large of a refund moving forward. The WDS reserve has a current balance \$600,000. This could fluctuate slightly each year based on claims.

The board discussed the option to rent space out of the WCIF office. Jon reminded the board that the Executive Committee visited the office to evaluate the layout to determine if they wanted to recommend renting the space and decided not to move forward with that recommendation. Currently it would be difficult to remodel the layout in order to facilitate a rentable space. Jon recommended we wait to discuss this option until next year due to anticipated growth of WCIF membership and the potential to hire additional staff.

The board discussed trading in the Buick and purchasing a new vehicle for staff travel due to safety hazards and the current condition of the Buick.

### Pool

The Pool did well in the second quarter. The Pool paid additional claims that had been received timely but pended due to ongoing subrogation. Likewise we may also receive refunds later this year based on pending subrogation. Updates will be provided upon closure of the cases.

When the Pool is closed the balance of the equity will be transferred to the Fund. The WCIF has paid a substantial amount of money to the Pool to pay claims so any balance left in the Pool will be paid back to the Fund.

Currently the fees paid to the attorney due to ongoing litigation for unpaid additional premium are noted on the Fund financial statements and may be moved to the Pool statements at the end of 2012.

Motion made by Laura Merrill and seconded by Dean Burton to approve the WCIF Financial Statements. Motion carried unanimously.

Motion made by Dean Burton and seconded by Alan Crankovich to approve the purchase of a new vehicle for WCIF staff. Motion carried unanimously.

Motion made by Marilyn Neumiller and seconded by Greg Knight to approve the WCIP Financial Statements. Motion carried unanimously.

### 2013 Tentative Meeting Schedule

Jon Kaino explained that we need board approval in order to secure meeting rooms ahead of time at various locations. The board discussed the details on options for various meeting locations.

Motion made by Laura Merrill and seconded by Bill Schulte to approve the 2013 meeting schedule as presented. Motion carried unanimously.

Motion made by Helen Price-Johnson and seconded by Laura Merrill to go into Executive Session from 10:30 a.m. – 11:00 a.m. to discuss status of litigation. Motion carried unanimously.

At 11:00 AM Motion made by Dean Burton and seconded by Brad Miller to come out of executive session. Motion carried unanimously. No action was taken as a result of the executive session.

VI. NEW BUSINESS AND/OR ANNOUNCEMENTS

The next scheduled Board meeting will be a joint WCIF and WCIP Board Pre-Workshop meeting held on November 7, 2012. It will be held at the Trac Center in Pasco scheduled from 1:00 p.m. – 4:30 p.m. The next regular scheduled Board meeting will be held on November 8, 2012. It will be a joint WCIF & WCIP Meeting held at the Trac Center in Pasco from 8:00 a.m. to 2:00 p.m.

The meeting adjourned at 11:15 a.m.

MINUTES APPROVED November 8, 2012 by WCIF and WCIP Boards

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Lisa Marsyla, WCIF Chair

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Bill Schulte, WCIP President



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Helen Price-Johnson, WCIF Vice Chair

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Rich Park, WCIP Vice President