

WASHINGTON COUNTIES INSURANCE FUND/POOL
BOARD MEETING MINUTES
Thursday, November 8, 2012
TRAC Center
Pasco, WA

BOARD MEMBERS PRESENT:

Dwight Robanske, Columbia County Commissioner
Brad Miller, Ferry County Commissioner
Alan Crankovich, Kittitas County Commissioner, Executive WCIF Chair
Bill Schulte, Lewis County Commissioner, WCIP President
Lisa Ayers, Pacific County Commissioner
Jim Johnson, Walla Walla County Commissioner
Marilyn Neumiller, North Central Regional Library
Will Rietzel, Housing Authority of Kittitas County
Paul Eichenberg, Spokane County Library District
Randy Rollins, Spokane Housing Authority
Lisa Marsyla, Wahkiakum County Commissioner, WCIF Chair (by conference call)

ABSENT:

Shon Small, Benton County Commissioner
Mike Karnofski, Cowlitz County Commissioner
Dean Burton, Garfield County Commissioner
Helen Price-Johnson, Island County Commissioner, WCIF Vice Chair
Laura Merrill, Pend Oreille County Commissioner
Malcolm Friedman, Stevens County Commissioner
Greg Knight, Rural Resources Community Action
Rich Park, Timberland Regional Library, WCIP Vice President

OTHERS PRESENT:

Melina Wenner, Benton County Alternate
Lisa Ronnberg, Columbia County Alternate
Melanie Bacon, Island County Alternate
Larry Grove, Lewis County Alternate
Jon Kaino, WCIF Executive Director
Kathi Rauch, WCIF Finance Director
Leanna Olive, WCIF Senior Account Executive

I. OPENING OF MEETING

Executive Chair Alan Crankovich opened the WCIF (Washington Counties Insurance Fund) Board meeting at 8:19 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 and WCIP Board of Directors reviewed the draft minutes for the meeting held on August 9, 2012.

Motion made by Paul Eichenberg and seconded by Randy Rollins that the WCIF/P minutes for August 9, 2012 be approved. Motion carried unanimously.

III. EXECUTIVE DIRECTOR REPORT

2013 Meeting Schedule

The final 2013 meeting schedule was submitted to the Board for approval. The Board meetings in Western Washington were moved to Thursdays and Fridays and will remain at the Cedarbrook. The Western Washington ACE meetings have been moved to the Double Tree Suites in Seattle. Eastern Washington ACE meetings have been moved to The Davenport.

There was discussion of other possible locations to consider for future planning.

Motion made by Brad Miller and seconded by Paul Eichenberg to approve the 2013 Meeting Schedule as presented. Motion carried unanimously.

Report on State Audit

The exit conference with the State Auditor was postponed and it has not been re-scheduled. We hope to have the exit conference completed by mid-December.

Wellness Update

To date, 33 groups have met the 40% participation requirement needed to receive the premium rate reduction for 2013. We have an overall participation rate of 32%. There has been an extension on the participation deadline from November 1 to November 15, 2012. The final participation report will be provided on November 19, 2012. There will be a follow up meeting with the Executive Board to communicate final results and discuss future strategies with Vivacity and our other wellness partners.

Healthcare Reform Update

Jon Kaino has met with Melanie Curtice, Attorney with Stoel Rives, Gallagher Benefits Services, and representatives from both Premera and Group Health to clarify the appropriate process for WCIF's designation as a "True Employer Health and Welfare Benefit Plan" (formerly called "bonafied" Association Health Plan). Both Group Health and Premera have indicated that they feel WCIF meets the criteria as a bonafied plan. The bonafied designation allows the WCIF and its participating employers to be considered as one large group rather than individual groups for the purpose of Federal Community Rating requirements and Washington State Office of the Insurance Commissioner ("OIC") regulation. It also permits WCIF to continue to offer plan designs more favorable than the exchange allowing us to remain competitive in the marketplace. Melanie Curtice, along with Premera and Group Health's representatives met with the Office of Insurance Commissioner (OIC) to discuss WCIF's status. The OIC has agreed to consider written confirmation of WCIF's status upon receipt of a letter from Melanie Curtice defining why WCIF meets the criteria.

The majority of the final rules for the full implementation of Healthcare Reform are still pending. We will continue to provide updates to the WCIF employer groups as we are notified of guidelines, changes, and final rules.

Recommendation on Medical Composite Rates

The WCIF currently does not allow new groups to enroll in the Premera medical plans at the composite rates. Premera prompted the board to approve this recommendation when we went from a self-insured to a fully-insured plan. Jon recommended that we allow new groups who currently have a composite rate to enroll in the WCIF medical plans with a composite rate. The Board discussed this at length.

Motion made by Paul Eichenberg and seconded by Lisa Ayers to allow new groups to enroll in the WCIF PPO medical plans on a composite rate structure under the following conditions:

1. The group was previously on a composite rate structure.
2. The group's underwriting and demographics support a composite rate structure.
3. Premera agrees to offer the group a composite rate structure.

Motion carried unanimously.

Personnel Policy Amendment

Jon Kaino struck this agenda item. He explained that some of the wording regarding exempt status has been amended at the attorney's recommendation. Copies are available upon request.

Lincoln and Skamania County Update

The WCIP has not received payment from Lincoln or Skamania Counties for their additional premium. The trial date for Lincoln County is set for December 14, 2012 in Spokane.

WCIP Resolution

Jon Kaino presented resolution 2012-1 to the WCIP Board of Directors for their consideration. Jon explained that in accordance with the Board's direction, formal termination of the WCIP was moving forward. All self-insured plans have been transitioned to fully insured plans under the WCIF and formal WCIP termination is expected to be concluded prior to the end of 2013. Resolution 2012-1 simply restates the Board's intent to terminate and readopts the additional premium originally approved by the Board on March 10, 2011.

Motion made by Will Rietzel and seconded by Alan Crankovich on behalf of the Pool to approve Resolution No. 2012-1, removing the words "close to" in "whereas #5." Motion carried unanimously. (Note: Lisa Marsyla voted by conference call.)

Waiver Requirements

Alan Crankovich addressed the issue of allowing employees to waive medical coverage with proof of "comparable" coverage. He would like the board to reconsider the verbiage used in allowing waivers to read "group coverage" (which includes Medicare and Tricare) to provide clarity to groups. The Board supports Jon obtaining information on the intent of the waiver and bringing back language for consideration at the June meeting.

Retiree Plan

Jon Kaino recommended that we seek approval from Premera to offer the WCIF 3000 plan to the pre-65 retirees as we have received interest in this plan as an option. Currently we offer the WCIF 750 plan to the pre-65 retirees. He explained that Premera would not allow us to offer both the WCIF 750 and WCIF 3000 plan due to adverse selection. There was discussion of possible grandfathering of the WCIF 750 plan. Jon requested the Boards approval to move forward in negotiating the terms of the pre-65 retiree plan with Premera.

Motion made by Brad Miller and seconded by Paul Eichenberg to authorize the Executive Director to negotiate the terms of the pre-65 retiree plan with Premera in order to move forward in offering the WCIF 3000 plan to pre-65 retirees. Motion carried unanimously.

IV. FINANCIAL REPORTS

Fund

Jon Kaino stated that WCIF is in a strong financial position. Total current assets and equity are up from the second quarter to the third quarter and the Budget Performance Report shows net ordinary income of \$108,816 through the first three quarters of 2012.

Pool

Jon Kaino explained that due to the fact that all WCIP self-insured plans have been transitioned to fully insured plans under WCIF effective September 1, 2012, we will no longer receive premium revenue in the Pool account. Claims expenditures will continue through the run-out period, but we do not anticipate seeing additional significant claims. Remaining expenses will be for administrative costs associated with the closure of the Pool. We will maintain the Pool's financial statements and the Pool Board until the WCIP is formally terminated, which we anticipate will be prior to year end 2013.

2011 Tax Returns (990)

Kathi Rauch presented the 2011 Form 990 Tax Returns and answered questions from the Board.

V. 2013 WCIF/WCIP BUDGET

WCIP Budget

Jon Kaino presented the proposed 2013 WCIP budget to the WCIP Board of Directors in the amount of \$18,400. This will cover the administrative costs to conclude the business of the Pool and formally terminate the WCIP. There is a possibility that we could receive subrogation refunds, however, we currently do not anticipate receiving any other revenue into the WCIP in 2013.

The expenses primarily include fees for the state audit and Zenith Administrators to conclude the subrogation claims, some of which have been continued to August 2013.

Motion made by Alan Crankovich and seconded by Marilyn Neumiller on behalf of WCIP to adopt the WCIP 2013 Budget as presented. Motion carried unanimously. (Note: Lisa Marsyla voted by conference call.)

It was brought to the Boards' attention that no action was taken to confirm the 2011 Form 990 Tax Returns.

Motion made by Marilyn Neumiller and seconded by Alan Crankovich on behalf of WCIP that the 2011 990 Tax Return has been reviewed and approved as presented. Motion carried unanimously. (Note: Lisa Marsyla voted by conference call.)

Motion made by Jim Johnson and seconded by Paul Eichenberg on behalf of WCIF that the 2011 990 Tax Return has been reviewed and approved as presented. Motion carried unanimously.

WCIF Budget

Jon Kaino presented the proposed 2013 WCIF Budget to the WCIF Board of Trustees in the amount of \$1,802,918. Revenue is projected to be up approximately 9% over 2012. The 2013 revenue projection is based on existing enrollment and includes the increase in the administrative fee for our dental plans. We also anticipate additional revenue due to the transition of the self-insured vision plan to fully-insured; however, it is too early to accurately project the impact.

The 2013 Interest and Dividend Income is down significantly from 2012 due to the interest paid to WCIF in 2012 for the Social Security refund. The refund is a result of the WCIF employee vote to discontinue Social Security benefits dating back to 2008.

The surplus for the WCIF is lower than in years past due to the implementation of the wellness plan as well as increased legal fees. Neither of these expenses were included in the 2012 budget. These two categories account for an increase of \$260,000 above the 2012 budget. The budget also includes a 2% COLA for WCIF staff effective January 1, 2013. There was discussion regarding employee step increases built into the WCIF Salary Schedule and it was clarified that the COLA would be in addition to any scheduled step increases.

We anticipate some of the expenses to be below the 2012 budget. Our Third Party Administrator (TPA) fees have been running below budget and we anticipate that to continue in 2013. In addition, payroll taxes will be less than 2012 due to Social Security not being paid for WCIF employees.

Motion made by Bill Schulte and seconded by Paul Eichenberg on behalf of WCIF to adopt the WCIF 2013 Budget as presented. Motion carried with one opposed, (Dwight Robanske).

VI. MARKETING REPORT

The Board discussed the status of our marketing efforts. They suggested we meet with Gallagher Benefits Services to discuss the terms of our contract and how to incorporate marketing strategies as a part of that.

We have a stable census moving into 2013. We received four letters of intent to withdrawal from groups offering our medical; however, we were able to meet with all of those groups and retain them. We lost Northwest Clean Air Agency, who offered our ancillary lines of coverage, to another association currently providing their medical plans.

We received request for proposals from Grays Harbor County, Whatcom County, Whitman County, Port of Ilwaco, and Washington Association of Community and Migrant Health Centers (WACMHC). The counties chose not to go with WCIF for 2013. We are still waiting to hear from Premera on the Port of Ilwaco and WACMHC.

VII. ELECTIONS

The current representatives of the WCIP Board of Directors are President Bill Schulte, Vice President Rich Park, Brad Miller, Dean Burton, Alan Crankovich, Malcolm Friedman, Lisa Marsyla, Willard Rietzel, Marilyn Neumiller, and Greg Knight.

For 2013 Bill Schulte will become past President and Rich Park, the 2012 Vice President, will become President.

The Vice President will also serve on the Executive Committee. Nominations for the Vice President of the Pool Board opened. Paul Eichenberg volunteered himself as a nomination. After three announcements, there were no additional nominations and the nominations were closed.

Motion made by verbal acclamation, Paul Eichenberg for Vice President of the WCIP Board of Directors. Motion carried unanimously. (Note: Lisa Marsyla voted by conference call.)

The current representatives of the WCIF Board of Trustees are Executive Chair Alan Crankovich, Chair Lisa Marsyla, Vice Chair Helen Price-Johnson, Shon Small, Dwight Robanske, Mike Karnofski, Brad Miller, Dean Burton, Bill Schulte, Lisa Ayers, Laura Merrill, Malcolm Friedman, James Johnson, Willard Rietzel, Marilyn Neumiller, Greg Knight, Paul Eichenberg, Randy Rollins, and Rich Park.

For 2013 Helen Price-Johnson will become Chair. There will be no Executive Chair as Lisa Marsyla will not be on the Board.

Nominations for the Vice Chair of the WCIF Board opened. Paul Eichenberg nominated Marilyn Neumiller. After three announcements, there were no additional nominations and the nominations were closed.

Motion made by verbal acclamation, Marilyn Neumiller for Vice Chair of the WCIF Board of Trustees. Motion carried unanimously.

The Executive Committee has seven positions, the WCIF Executive Chair, Chair, and Vice Chair along with the WCIP Past President, President, and Vice President, plus one at large member. Since we will not have a WCIF Executive Chair or a WCIP Past President for 2013, we will vote on two at large members to sit on the Executive Committee.

Nominations for the Executive Committee's two at large members opened. Brad Miller nominated Lisa Ayers, seconded by Bill Schulte. Bill Schulte nominated Jim Johnson, seconded by Paul Eichenberg.

Motion made by verbal acclamation, Lisa Ayers and Jim Johnson to serve on the Executive Committee for the two at large positions for 2013. Motion carried unanimously.


VI. NEW BUSINESS AND/OR ANNOUNCEMENTS

The next scheduled Board meeting will be a joint WCIF and WCIP Board Pre-Workshop meeting held on March 6, 2013. It will be held at the TRAC Center in Pasco scheduled from 3:00 p.m. – 5:00 p.m. The next regular scheduled Board meeting will be held on March 7, 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.

Motion by Brad Miller and seconded by Randy Rollins on behalf of the WCIF/P Boards to adjourn the meeting. Motion carried unanimously.

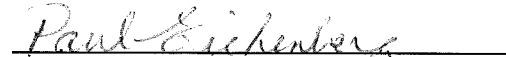
The meeting adjourned at 11:30 a.m.

MINUTES APPROVED March 7, 2013 by WCIF and WCIP Boards


Helen Price Johnson, WCIF Chair


Marilyn Nuemiller, WCIF Vice Chair

Rich Park, WCIP President


Paul Eichenberg, WCIP Vice President