

WASHINGTON COUNTIES INSURANCE FUND
BOARD MEETING MINUTES
Friday, August 11, 2017
DoubleTree Suites
Seattle, WA

BOARD MEMBERS PRESENT:

Mike Talbott, Columbia County Commissioner
Arne Mortensen, Cowlitz County Commissioner
Helen Price Johnson, Island County Commissioner
Bobby Jackson, Lewis County Commissioner
Lisa Olsen, Pacific County Commissioner
Karen Skoog, Pend Oreille County Commissioner
Greg Knight, Rural Resources Community Action Council
Randy Rollins, Spokane Housing Authority, WCIF Vice Chair
Don Dashiell, Stevens County Commissioner, WCIF Chair
Jim Fields, Vera Water and Power
Jim Johnson, Walla Walla County Commissioner
Blair Brady, Wahkiakum County Commissioner
Michael Largent, Whitman County Commissioner

ABSENT:

Shon Small, Benton County Commissioner
Wynne McCabe, Garfield County Commissioner
Andrew Short, Great Rivers BHO
Obie O'Brien, Kittitas County Commissioner
Karlyn Shannon, Washington State Association of Counties
Darline Charbonneau, Yakima Valley Libraries

OTHERS PRESENT:

Bob Johnson, Garfield County Commissioner Alternate
Melanie Bacon, Island County Alternate
Sara Crouch, Jefferson Transit
Lisa Young, Kittitas County Alternate
Larry Grove, Lewis County Alternate
Rachel Patrick, Pacific County Alternate
Spencer Shanholtzer, Pend Oreille County Alternate
Amanda Carpentier, Spokane Housing Authority Alternate
Kelli Campbell, Whitman County Alternate
Shelly Peters, Walla Walla County Alternate
John Slaughter, Yakima Valley Libraries Alternate
Jon Kaino, WCIF Executive Director
Kathi Rauch, WCIF Finance Director
Terri Luther, WCIF Deputy Director
Kimberly Beahler, WCIF Senior Account Executive
John Wallen, DiMartino Associates
Marcus Morrell, DiMartino Associates
Ashton Alvarez, DiMartino Associates

I. OPENING OF MEETING, WELCOME AND INTRODUCTIONS

WCIF Chair Don Dashiell opened the Washington Counties Insurance Fund (WCIF) Board of Trustees meeting at 8:30AM and everyone present introduced themselves.

II. CHANGES OR ADDITIONS TO THE AGENDA

No changes to the agenda.

III. APPROVAL OF MINUTES FOR JUNE 9, 2017 MEETING

Motion made by Bob Johnson and seconded by Helen Price Johnson that the WCIF minutes for the June 9, 2017 meeting be approved. No further discussion. Motion carried unanimously.

IV. EXECUTIVE DIRECTOR REPORT

2018 Benefits Summit Venue Recommendation

Jon Kaino stated that while we have been happy with Suncadia Lodge as a venue for our WCIF Benefits Summit, it is getting expensive. After doing some research, Icicle Village Resort in Leavenworth is available and we believe it will be much more cost efficient and a suitable alternative to Suncadia for the 2018 WCIF Benefits Summit. A cost comparison between Suncadia and Icicle Village was presented to the Board for their review.

Motion made by Blair Brady and seconded by Arne Mortensen to move the 2018 WCIF Benefit Summit to Icicle Village Resort in Leavenworth, WA. No further discussion. Motion carried unanimously.

2018 Meeting Schedule

Jon presented the proposed 2018 WCIF meeting schedule for the Board's approval.

Motion made by Bobby Jackson seconded by Michael Largent to approve the 2018 meeting schedule as presented. No further discussion. Motion carried unanimously.

BSI/UNUM Contract Status for Voluntary Plans

Jon reminded the Board that at the June meeting, they had approved adding some voluntary plans through Unum, subject to successful contract negotiations. After entering into contract negotiations with Unum, it became clear that Unum will not be providing support at open enrollment meetings. This is a difficult year for WCIF staff to try to learn the plans well enough to market them effectively, which could result in members losing the guarantee issue opportunity. Extending the guarantee issue period is not an option and therefore we recommend delaying implementation to 2019 so that WCIF staff has an opportunity to adequately be trained on the new products.

Motion made by Mike Talbott and seconded by Bobby Jackson to delay the implementation of the Unum Voluntary plans until 2019. No further discussion. Motion carried unanimously.

Update on Annual Member Visits

Jon reported that he has been out visiting with WCIF groups and will continue to be on the road over the next few weeks. Overall, meetings have gone well and have been informative.

V. SCHOOL DISTRICT MARKETING UPDATE

Jon advised that the school district marketing opportunity had not provided the results we had hoped for due to a variety of reasons. First, in many cases Premera offered direct quotes to these groups that were lower than the quotes they provided through WCIF. In addition, legislation (EHB 2242) was passed at the end of the 2017 session that requires school districts to participate in a new state program effective 1/1/2020 so any school district business added would be required to leave WCIF within two years. Once it became apparent that the prospects were much more limited than initially anticipated, we made a decision to redirect our resources to our more traditional markets and we are no longer pursuing school district business. This decision will also eliminate a significant amount of additional administrative work necessary to implement the plans required to accommodate school district enrollment.

Due to these circumstances, we will be eliminating the proposed school district plan designs and will not be asking the Board to approve any additional plans.

VI. MARKETING REPORT

Terri Luther reported that there are several RFPs in house waiting for the 2018 renewal. We currently have 13 RFPs in house, three we had to decline to quote due to carrier non-competes (we have non-competes with our carriers, which means we cannot quote groups that are direct with Premera Blue Cross or Kaiser Permanente).

We quoted on 28 school districts before terming that effort, but that marketing effort opened some doors with new brokers.

Marketing efforts are being ramped up and the new rating model should give us some opportunity that we haven't had in the past.

VII. WCIF WELLNESS VENDOR UPDATE/RECOMMENDATION

Jon Kaino presented an update on the 2018 wellness vendor situation. At the June meeting the Board approved changing wellness vendors from Vivacity to Aduro subject to successful contract negotiations. As negotiations ensued, we were informed by Premera that if we discontinue the relationship with Vivacity, Premera would no longer be able to honor the 4% premium rate reduction. After some follow up discussions with both Premera and Vivacity, it may be possible for WCIF to retain Vivacity to administer on-site clinics and biometric information while working with Aduro to administer the web portal. We are still evaluating these options and intend to bring a final recommendation to the Board at the November Board Meeting.

Jon also presented an option to eliminate the deductible credit and move to the cash cards only for the individual incentive. Individual incentives are a critical component in our wellness program. Currently, in addition to the 4% premium rate reduction, we offer employers the choice of a \$150 deductible credit or a \$50 cash card (an additional \$25 card is also available for both groups). Over the last two years, we've seen more and more migration to the cash card as more employers offer higher deductible plans. While the cash card option has a greater impact on WCIF's operating budget, it is easier to administer and creates less confusion for our members.

Motion made by Helen Price Johnson and seconded by Jim Johnson to eliminate \$150 deductible credit program and move to cash cards only for 2018. Some discussion. Motion carried with one opposed (Jim Johnson).

VIII. WCIF FINANCIAL REPORTS

Jon Kaino reviewed the second quarter financial reports. As reported at the June meeting, revenues are coming in below projections due to enrollment decline and migration to higher deductible plans. Although expenditures are well below revenues to date, we expect there will be a budget deficit by year end. Due to the likelihood of additional enrollment declines, we also anticipate that the 2018 and possibly the 2019 budgets will operate at a deficit and will require the use of reserves to balance. Jon stated that the budget surpluses of the last several years have placed WCIF in a solid financial position to withstand any budget shortfalls without significant cuts, which will allow WCIF to fully implement the new rating policies and re-establish our enrollment growth moving forward.

Motion made by Jim Johnson and seconded by Bob Johnson to approve the second quarter financials as presented. Some discussion. Motion carried unanimously.

IX. 2018 RENEWAL PRESENTATION

John Wallen, Ashton Alvarez, and Marcus Morrell from DiMartino Associates presented the proposed 2018 renewal to the Board. The presentation covered all ancillary and medical plan renewals except for Delta Care and the Medicare Supplemental Plans which were not yet available. All ancillary plans except for Willamette Dental will have a rate pass for 2018, with Willamette showing a 6.5% increase for tiered plans and 15% for composite plans.

DiMartino stated that the 2018 medical renewal is being proposed with some significant rating structure changes in order to more accurately reflect the new market environment and to make WCIF more competitive moving forward. These changes, while positioning WCIF for the future, will likely lead to some initial enrollment reductions. The presentation reviewed the process that was followed to reach the recommendations for the medical renewal options.

Motion made by Blair Brady and seconded by Greg Knight to approve the Delta Dental rate pass on active and retiree plans for 2018. No discussion. Motion carried unanimously.

Motion made by Blair Brady and seconded by Bob Johnson to approve the Willamette Dental increase of 6.5% for tiered active and retiree plans and a 15% increase on the composite rate for 2018. Some discussion. Motion carried unanimously.

Motion made by Karen Skoog and seconded by Helen Price Johnson to approve The Standard rate pass until 2020. No discussion. Motion carried unanimously.

Motion made by Blair Brady and seconded by Bob Johnson to accept the Kaiser Permanente Alternative Renewal, which spreads the 12.01% renewal from 0.0% to +17.0%; uses a modified rating model as the basis; increases the number of rate bands from 26 to 52 (with 2% increments); and applies maximum up/down movement to four rate bands (approx. 8.0%) at any renewal. Some discussion and clarification. Motion carried unanimously.

Motion made by Bobby Jackson and seconded by Mike Talbott to accept the Alternative Renewal option four: "Modified Risk Bucketing with Experience Factor and Segregation". This will increase the number of rate bands (2% increments) and result in increases for most groups of 7.0% - 15.8% (with five groups receiving an approximate increase of 68.7%). Discussion and statements. Motion carried unanimously.

X. CONTINUE MEETING OR SCHEDULE SPECIAL MEETING IF NECESSARY

This was not deemed necessary.

XI. NEXT MEETING – November 8 and 9, 2017 at the Marcus Whitman in Walla Walla

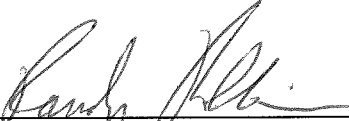
XII. ADJOURNMENT

Don Dashiell adjourned the meeting at 11:58AM.

MINUTES APPROVED November 9, 2017 by the WCIF Board of Trustees.



Don Dashiell, WCIF Chair



Randy Rollins, WCIF Vice Chair