

## WFCA HEALTH CARE COMMITTEE MEETING MINUTES

The WFCA Health Care Committee held a regular meeting on Tuesday, January 26, 2016 at the state association office in Olympia, Washington.

### PRESENT

**Members:** Chair Jack Hensley, Gene Carmody, Ken Eakin, Jim Farrell and Brad Langdell.

**Guests:** Sally Borte (Parker, Smith & Feek), Cindy Gibbons & Tina Vasen (TPSC) and David Ellingson (WFCA President); Adam Frey (Parker, Smith & Feek) joined the meeting via conference call.

**Staff:** Jim Lux and Nora Eylenfeldt.

### CALL TO ORDER

Chair Hensley called the meeting to order at 11:10 a.m., leading the group in the Pledge of Allegiance.

### APPROVAL OF MINUTES

Ken Eakin moved and it was seconded to approve minutes of the October 20, 2015 regular Health Care Committee meeting. **Motion carried.**

### FINANCIAL REPORT

Jim Lux reported the program's year-end balance was approximately \$23 million (the year began with \$20.4 million). Bond interest earnings totaled nearly \$129,000 in 2015.

### JAMES R. LARSON FORUM BUILDING REPORT

The building's capital return account ended the year with nearly \$42,000. Jim Farrell asked about getting new carpet in the common areas; Nora Eylenfeldt responded that new carpet is on the maintenance schedule, but replacing the roof is the number one priority.

### CORRESPONDENCE

Jim Lux reported that he will bring up correspondence under the discussion concerning *IRS Forms 1094 & 1095 – Employer Reporting* later in the meeting.

### EXPERIENCE REPORT

Adam Frey presented the experience report stating the 2015 loss ratio was 92%, all self-funded plans combined. Claims experience, large claims and the reserve calculation were reviewed. The 2015 loss ratio for the dental program was 95%. Mr. Frey noted that prescription drug claims increased by 12% which appears to be a common trend.

Sally Borte suggested the committee consider a premium holiday because of the large amount of cash reserves. Discussion followed regarding a possible premium holiday as well as setting a policy for an appropriate reserve threshold. Ken Eakin moved and it was seconded to table this discussion until the June meeting. **Motion carried.**

### **PHARMACY BENEFIT MANAGER (PBM) TRANSITION**

Jim Lux reported there were a few “bumps” in the transition from Express Scripts to MaxorPlus but the majority of participants appear to be situated now and he has heard good comments about Maxor’s customer service.

### **OPEN ENROLLMENT RESULTS**

Six districts joined, two districts left, and the program is experiencing its highest enrollment since 2010.

### **FORMS 1094 & 1095 – EMPLOYER REPORTING**

Jim Lux distributed sample forms, one of which was drafted by an attorney in an effort to help fire districts comply with Internal Revenue Service (IRS) reporting requirements for self-insured health providers. He stated that one of the forms establishes the WFCA as the “Designation of Governmental Entity (DGE) for Purposes of Certain Reporting Responsibilities (IRS Form 1095-B).” In order for WFCA to report health care coverage to the IRS on behalf of fire districts, we must have district signatures of approval on the DGE form.

Entities that participate in the WFCA self-funded program must sign the Designation Form, which outlines the DGE’s responsibilities for reporting to the IRS. Trusteed Plans will prepare the 1095-B Form and send it to individual employees of participating districts. For districts with fewer than 50 full-time equivalent (FTE) employees, the WFCA will generate the 1094-B Transmittal to be filed with the IRS. Districts with more than 50 FTEs will be responsible for filing their own 1094-C Forms and 1095-C Form, Parts 1 & 2. It was noted that the filing deadline has been delayed for a couple of months.

The committee recessed for lunch at 12:22 p.m. and reconvened at 12:55 p.m.

### **COBRA & ALTERNATIVE OPTIONS**

Tina Vasen and Sally Borte distributed information providing alternative health care options to enrolling under the traditional COBRA option. The goal of these services is to work with COBRA-eligible individuals to determine if health care coverage purchased on the state exchange might be a better option for them. It was the consensus of the committee to discuss this matter further at its April meeting.

### **HEALTH CARE MANAGER’S REPORT**

**State Audit:** The 2014 audit has been completed and while there were no material issues in the audit report, a management letter was issued citing the following:

- *Claims development*, which is the evolution of claims over a 10 year period. Mr. Lux noted that this is not “meaningful” because most bills are paid in the year in which they are incurred.
- *Lack of BARS technical knowledge*. Mr. Lux acknowledged this, adding that he stays current on any changes to the BARS system.
- *Lack of electronic filing*. Mr. Lux stated he tried to do this but because WFCA regular operating files electronically, the state computer system rejects the health care program’s filing attempts because it assumes the filing is a duplicate. He discussed this with the Auditor’s Office and they have no plans to change their system to accommodate our dual filing.
- *Lack of effective review process*. Mr. Lux stated that we have hired a CPA to do an independent review and to provide the three primary financial schedules.
- *Delta Dental retention*. Mr. Lux noted that year-end financial reports will now show the actual rebate from Delta Dental to Health Care in order to be GAAP compliant.
- *Under-reporting \$16,000 in assets*. Mr. Lux explained that this was a result of a subcontractor’s merger.

Jim Lux stated he was scheduled to meet with Central Kitsap Fire & Rescue employees to discuss the PPO 100 Plan, but the meeting was cancelled by the district.

Jim Lux stated he recently received a telephone call from a consultant who is shopping health care for the City of Yakima Fire Department.

**UNFINISHED BUSINESS**

None.

**NEW BUSINESS**

None.

**ADJOURN**

There being no further business, the meeting was adjourned at 1:25 p.m.